PRESS RELEASE

Contacts:	David Marock, Group Chief Executive Officer	020 3320 8988
	Mark Keogh, Group Chief Financial Officer	020 3320 2241

Charles Taylor plc
Announcement of results for year ended 31 December 2016

Results in line with market expectations

- Increased revenue significantly
- Adjusted profit before tax and earnings increased
- Statutory profit before tax and earnings reduced
- Net debt returns to normal levels
- Good progress on delivering growth strategy
- Final dividend increased

David Marock, Group Chief Executive Office, Charles Taylor plc said:
“Charles Taylor performed solidly overall in 2016, building on the strong growth achieved in 2015. Revenue grew significantly, while adjusted profit before tax and earnings have increased; we also made good progress on delivering our strategic growth strategy. We are reinvesting in the business to drive that growth, both organically and by undertaking strategic acquisitions, entering into joint ventures and making business investments. This will enable us to achieve scale economies, to diversify the business, and to deliver sustainable year-on-year growth, with reliable income streams. Our strategic investments are intended to create opportunities to drive future growth in the medium to longer term.”

Consolidated financial highlights
For the year ended 31 December 2016

Revenue [1]	£169.3m increased by 18.1%	(2015: £143.4m)
Adjusted profit before tax [1]	£14.8m increased by 4.0%	(2015: £14.2m)
Statutory profit before tax [1]	£10.7m decreased by 16.3%	(2015: £12.8m)
Net debt	£37.5m increased by 277.7%	(2015: £9.9m)
Adjusted earnings per share [1,2]	22.27p increased by 11.5%	(2015: 19.98p)
Basic earnings per share [1]	15.85p decreased by 14.9%	(2015: 18.61p)
Dividend per share	10.50p increased by 5.0%	(2015: 10.00p)

Notes:
Movements are calculated using unrounded numbers so minor rounding differences may exist.

	2016 £m	**2015 £m**
Statutory profit before tax	**10.7**	**12.8**
Acquired intangible assets amortisation	3.0	1.6
Other adjustments	1.3	0.1
Non-controlling interests - profit before tax	(0.2)	(0.3)
Adjusted profit before tax	**14.8**	**14.2**
Income tax expense	-	(1.0)
Tax on adjustments	-	(0.2)
Adjusted earnings	**14.8**	**13.0**

1. Figures are based on continuing operations.
2. Adjusted eps is calculated by dividing the adjusted earnings by weighted average number of ordinary shares as disclosed in note 3.

Group Chief Executive Officer's Report

Charles Taylor performed solidly overall in 2016, building on the strong growth achieved in 2015. Revenue grew significantly, while adjusted profit before tax and earnings have increased; we also made good progress on delivering our strategic growth strategy. We are reinvesting in the business to drive that growth, both organically and by undertaking strategic acquisitions, entering into joint ventures and making business investments. This will enable us to achieve scale economies, to diversify the business, and to deliver sustainable year-on-year growth in earnings, with reliable income streams. Our strategic investments are intended to create opportunities to drive future earnings growth in the medium to longer term.

Our investments, joint ventures, and acquisitions are focused on capturing the significant growth opportunities that we see in the global insurance services market. Research reports predict that the global market for insurance services will grow from US$4.8 trillion in 2016 to US$6.1 trillion by 2021 (Source: BusinessWire, 2 February 2017) We believe our deep expertise across the insurance market, our global reach and our focused business strategy positions us well to benefit from this future growth.

In line with the Group's strategy to deliver growth in our core professional services businesses, we are making investments and driving forward numerous initiatives to grow the Group's existing businesses. These initiatives are set out in more detail on the following pages and include for example our investment to establish a significant new UK construction and engineering loss adjusting service. We also strengthened our Global Business Service teams.

In 2016, we drove forward four key strategic initiatives: the introduction of medical claims and assistance capabilities, the expansion of our insurance technology business, the development of our turn-key managing agency business and the extension of our Business Process Outsourcing (BPO) and Third Party Administration (TPA) services for both the general and life insurance market.

Among the many highlights of the year was the strategically important £30m acquisition of CEGA Group, a specialist provider of technical medical assistance and travel claims management services. This was purchased with the remainder of the proceeds of our 2015 Rights Issue. We also agreed to acquire a closed book of international life assurance business and Allied Dunbar International Fund Managers Limited from Zurich, which will enable us to enter the international fund administration services market.

We invested further in the training and development of existing staff to develop further our capabilities and to retain our top talent. Our annual staff engagement survey showed, for the second year running, that nine out of ten of our staff regard Charles Taylor as a great place to work that they would recommend to family and friends.

Our solid overall performance demonstrated the effectiveness of our diversified business model. Our Professional Services businesses performed well overall and our owned life business performed particularly well, benefiting from the profit on an acquisition of a life business in 2015. Sterling's weakness over the year had the effect of increasing revenue by 3.8% on the translation of international earnings, although the overall effect of changes in foreign exchange rates has been broadly neutral for the Group's adjusted profit, with gains on overseas earnings balanced by our currency hedging activities.

Group results 2016 – continuing business

	2016	2015	%
Revenue (£m)	169.3	143.4	+18.0%
Adjusted profit before tax (£m)	14.8	14.2	+4.0%
Statutory profit before tax (£m)	10.7	12.8	-16.3%
Adjusted earnings per share (p)	22.27	19.98	+11.5%

Statutory earnings per share (p)	15.85	18.61	-14.9%
Dividend (p)	10.5	10.00	+5%
Net debt (£m)	37.5	9.9	n/a

Professional Services' performance

(£m)	Revenue		Operating profit	
	2016	2015	2016	2015
Management Services	54.7	50.7	8.7	8.8
Adjusting Services	65.4	59.0	1.8	1.7
Insurance Support Services	47.0	32.1	3.8	4.5
Unallocated	-	-	-	0.2
Total	167.2	141.9	14.3	15.2

Small rounding differences arise in the total amounts above.

Owned Life Insurers' performance

(£m)	Revenue		Operating profit	
	2016	2015	2016	2015
Owned Life Insurers	4.7	4.8	2.0	0.2

Professional services

- The overall performance of our **Management Services** business was solid with an increase in revenue and a slight fall in operating profit. The UK and International business performed well, benefiting from a full year's contribution from a new client, The Strike Club. As signalled at the Half Year, the Americas business performance was slightly down largely as a result of the global energy price fall affecting the offshore energy supply and support services sectors, in which our clients operate. The mutuals managed by the business performed well overall and we agreed new, long-term fee arrangements with two of our clients - Signal Mutual and SCALA.
- The **Adjusting Services** business grew revenue, underlining the overall growth of the business. The level of insured claims in the market as a result of catastrophic natural and man-made disasters increased, although the market for larger and more complex insured claims, of the type principally handled by Charles Taylor, remained challenging throughout 2016. Operating profit increased modestly, mainly as a consequence of additional investments to establish a significant new UK construction and engineering service and to grow our presence in Latin America. To increase profitability, we are managing pro-actively the business' overall cost base, with a focus on increasing utilisation. Adjusting Services is also targeting growth in the very large US adjusting market, in which we are currently under-represented, with the appointment of a new country head and the recruitment of energy loss adjusters in Houston.
- The **Insurance Support Services** business delivered strong top line growth, consolidating the business' greatly improved recent performance. The business benefited from a five months' contribution from CEGA and saw a small increased revenue contribution from our new insurance technology business. As indicated at the Half Year, operating profit growth has been dampened largely due to investments in the Group's strategic initiatives. These included:
  - Building the business development and operational capabilities of Charles Taylor InsureTech
  - Developing the operational capabilities of the Group's turn-key managing agency, as it readies its proposition for a second Lloyd's syndicate
  - Investing in other strategic initiatives across the various business lines including developing our global medical claims and assistance capabilities and extending our Third Party Administration and Business Process Outsourcing capabilities

Owned Life Insurers

- The Group's owned life insurers delivered significantly increased operating profit. This was largely due to the residual profit contribution following the Group's acquisition of Scottish Widows International (SWI) in 2015 (now renamed LCL Assurance). Following the SWI transaction, we have announced that we have agreed to acquire of a book of life business from Zurich International. This will be our fifth life acquisition in the last five years, demonstrating the continued growth prospects of this business. This acquisition also includes a fund administration services business to add further to the Group's capabilities.

Balance sheet

Following utilising the proceeds of the Group's 2015 Rights Issue to invest in CEGA and Fadata net debt was £37.5m at the end of 2016 (2015: £9.9m). As expected, net debt is now in line normal levels before the addition of a £5m facility for CEGA Group, which was in place with CEGA prior to it being acquired by the Group. Free cash flow was £7.2m (2015: £8.6m). We continue to focus on managing the Group's cash position while investing for growth.

In common with most businesses with defined benefit pension schemes, the Group's pension scheme deficit rose during the year, driven largely by corporate bond yields falling, noting that the deficit reduced slightly from the Half Year. The Group's net pension liabilities were £52.5m at the year-end (2015: £39.6m). Net of deferred tax the liability was £43.5m (2015: £32.4m); the figure reported at the Half Year was £56.3m, net of deferred tax £46.1m.

Dividend

An interim dividend for the year to 31 December 2016 of 3.15p (2015: 3.00p) per share was paid on 11 November 2016. The Directors recommend a final dividend of 7.35p (2015 second interim: 7.00p) per share to be put to shareholders at the Annual General Meeting on 16 May 2017. The total proposed dividend for the year is therefore 10.50p (2015: 10.00p). Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 26 May 2017 to all shareholders on the register on 28 April 2017.

The Board

Joe Roach, Executive Director and Chief Executive Officer of Management Services – Americas retired from the Board and the Group on 31 December 2016. Joe Roach was instrumental in founding Signal Mutual in 1986 when he worked at insurance broker McQueary & Henry. He joined Charles Taylor and the Group Board in 1995 to drive Signal's growth and development. Under his leadership, Signal grew from inception to become the largest self-insured group provider of Longshore benefits in the United States.

The Board would like to thank Joe for his remarkable contribution to the Group over many years and in particular for his leadership of the management of Signal. We are delighted that he has agreed to continue his long involvement with the Group in a part time consulting capacity, so we can continue to benefit from his substantial experience and deep insight.

Paul Hewitt was appointed as a Non-Executive Director of the Company on 17 November 2016 and took over as Audit Committee Chairman on 30 November 2016 on David Watson's retirement from the Board. Paul has also joined the Remuneration and Nominations Committees. Paul Hewitt is an experienced Chief Financial Officer, Chairman and Non-Executive Director. He has chaired audit committees for Tokio Marine Kiln, NEST Corporation, Tesco Bank, Collins Stewart Hawkpoint, Co-operative Banking Group and GMT Global Aviation.

The Board would like to thank David Watson for his contribution both as a Director and as Chair of the Audit Committee over the last six years.

Management Services
The Management Services business earns fees from our mutual, insurance company and association clients. Growth in the business of the mutuals and the number and extent of services we deliver, leads to growth in our management activities and ultimately to the level of management fees charged.

The performance of our managed mutual clients is good overall – providing a positive long-term indicator of the performance of the Management Services business. The business also seeks to grow by developing new mutuals and insurance ventures and by tendering for the management contracts of other existing mutuals, insurance companies and associations.

The overall performance of Management Services was solid with an increase in revenue and a slight fall in operating profit. The UK and international business line performed well, benefiting from a full year's contribution from The Strike Club. As signalled at the Half Year, the American business performance was slightly down, largely as a result of the global energy price fall affecting the offshore energy supply and support services sectors, where our clients operate.

Management Services - UK & International
Delivered services to mutual clients

- **The Standard Club**. Charles Taylor has managed The Standard Club since it was founded in 1884. The club provides protection and indemnity (P&I) insurance to around 10% of the world shipping market. Our work has delivered a good result for the club. The club grew during the 2016/17 membership year as a result of winning new members and benefiting from an increased entry from existing members, who value the club's professional, personal service, and cost-efficiency. The club achieved a positive underwriting result, increased its reserves in line with the continued growth of the club and welcomed several new members.
  Charles Taylor InsureTech, the Group's technology business, developed and implemented a new claims management system for the club. The system, 'Acclaim', has proved to be a major step forward, significantly enhancing the club's claims management capabilities.
  During the year, we drove forward a number of strategic initiatives on behalf of the club to help expand its offering and diversify its sources of income.
    - The Standard Syndicate 1884 at Lloyd's completed its first full year of underwriting in difficult underwriting conditions. The syndicate extended its range of insurance covers with the addition of political violence, political risk, terror and specie lines, recruited senior underwriters and established a specie underwriting consortium at Lloyd's. Over 60% of the business written by the syndicate was new business for Lloyd's, exceeding the target set for it by Lloyd's.
    - The Singapore War Risks Mutual, Singapore's first war risks insurer, performed well ahead of expectations.
- **The Strike Club**. 2016 was our first full year as manager of the Strike Club, the only dedicated mutual insurer covering the running costs of vessels delayed by strikes, shore delays, collisions, groundings and other incidents outside an owner's or charterer's control. We achieved a high business retention rate for the club at the 2017 renewal, with over 95% of the membership renewing their cover and some new members joining. The club has approximately 150 members and over 3,300 ships on risk, and added 200 further ships at this renewal. Over the year we have focused on developing the club's business development capabilities and re-structuring the club's operating model to reduce its costs of doing business.
- **The Offshore Pollution Liability Association (OPOL)**. We provide financial, administrative and IT support to OPOL. OPOL is a mutual association, established to manage offshore pollution claims in the North Sea.

Management Services - America
The Management Services - America business supported the further growth of Signal Mutual, built up the membership of SafeShore and delivered management services to SCALA. We agreed new, long term fee arrangements with Signal Mutual and SCALA.

Secured growth for our clients

- **Signal Mutual**. Charles Taylor has been the manager of Signal Mutual, the largest provider of Longshore workers' compensation insurance to the US maritime industry, since it was founded in 1986. Signal reported a strong 2016/17 renewal. Over 99 per cent of members renewed with the Association in October 2016, bringing the total membership to 257 companies, with a reported payroll of US$4.0 billion. Two significant members who had left the Association in the previous year re-joined. We believe this sends out a strong message about the quality of both our expertise and the services we provide for Signal Mutual members.

  We also supported the Association by focusing on members' safety and accident mitigation, together with early and efficient claims resolution.

  SafeShore, the Longshoreman Workers' Compensation Small Account program, backed by Signal Mutual and which Charles Taylor helped develop and launch, is performing well. Over 150 clients have enrolled in the program.
- **SCALA.** Charles Taylor has managed SCALA, which provides marine workers compensation insurance to the majority of Canada's ship owners since 1978. SCALA continued to perform well for its members.

Adjusting Services

The Adjusting Services business grew revenue, underlining the overall growth of the business. Operating profit increased modestly, mainly as a consequence of additional investments to grow the business. The level of insured claims in the market as a result of catastrophic natural and man-made disasters increased, although the market for larger and more complex insured losses of the type principally handled by Charles Taylor, remained challenging throughout 2016. There are, however, signs that loss activity may be increasing.

Against this background, our overall focus is to invest in growing the business to increase its margins and reduce volatility in its returns. As the only global loss adjuster serving a wide range of aviation, marine, energy, property, casualty and special risks markets we believe we are well placed to grow profitably our market share over time.

Our most important initiative of 2016 was to invest in developing a significant UK construction and engineering (C&E) adjusting service. We appointed experienced joint heads to lead this new service in October, both of whom had excellent reputations and strong market followings. We built up the team during the fourth quarter, to around 20 adjusters by the year-end.

The C&E service offering is already having some early wins. Working with our property and casualty business in London and our offices in Dubai and Doha, the C&E team has been appointed as one of the lead adjusters on an international sporting construction project. We have also been appointed to the claims management role for the project as a whole. The appointment involved close working with Charles Taylor InsureTech to develop an innovative new claims portal.

We invested in developing our office network in Latin America, opening a new office in Peru with the recruitment of a team of five local adjusters. We have also appointed senior energy adjusters in Houston and strengthened our management team in Indonesia. Just after the year end, we appointed a Regional Head for the USA with responsibility for driving new business growth, managing client relationships and leading operations across the US non-aviation adjusting business. The US is the world's largest insurance market and we believe there is considerable opportunity to expand profitably our business there, particularly in the property and casualty sector.

These initiatives are all in line with our strategy of building leading market positions for each of our businesses and expanding into growing economies and markets where there is a demand for our services. At the same time, we are managing the business' overall cost base, along with an increased focus on growing utilisation in order to manage the business' profitability.

Insurance Support Services

The Insurance Support Services business delivered strong top-line growth, consolidating the business' greatly improved recent performance. The business benefited from a five months' contribution from CEGA Group, which was acquired by Charles Taylor in July 2016 and saw a small increase in the revenue contribution from our new insurance technology business.

As indicated at the Half Year, operating profit was slightly down, largely due to investments in the Group's turn-key managing agency, as it builds its capability to manage a second Lloyd's syndicate and in Charles Taylor InsureTech as well as in our other growth initiatives across the various businesses.

- **CEGA** is a market-leading provider of assistance and travel claims management services to insurers. It provides a high-quality, seamlessly integrated end-to-end service, which combines medical assistance with claims and case management, pre-travel advice, medical screening and corporate travel contingency planning.

  The acquisition of CEGA brings additional technical, high value-added services which complement our existing capabilities. CEGA has long-standing relationships with large, high profile domestic insurers, some of which are not currently clients of Charles Taylor, which offers the opportunity to cross-sell the Group's other professional services. In addition, many of our businesses and major clients use medical assistance services. This means we are well-positioned to support CEGA's long-term growth. We are working closely with the CEGA management team to realise the full potential of the acquisition.
- **Charles Taylor InsureTech** draws together the Group's specialist and bespoke technology solutions, systems development and implementation solutions into a single client-focused business. InsureTech made good progress in 2016, increasing its range of solutions and building its business development capabilities. InsureTech also won a number of contracts to implement systems for insurance brokers and has been invited to tender for further technology projects. InsureTech also won new contracts for TRAX, its claims workflow and diary management system

  We focused on the expansion of InsureTech into Latin America by opening a technology Centre of Excellence in Mexico City and recruiting a sales director for the Latin American region. We were appointed by and are working in partnership with Fadata, in which the Group has just over a 25% shareholding, to help implement a policy administration system for a leading life insurer in Peru. InsureTech also acquired a majority stake in a small insurance technology platform business to extend its capabilities in offering delegated underwriting authority solutions and partnered with a copy data virtualisation specialist to improve insurers' use of data.
- **Charles Taylor Managing Agency**, the Group's recently established Lloyd's turn-key managing agency, is delivering high quality services to The Standard Syndicate 1884. CTMA is actively seeking the management of a second syndicate or Special Purpose Arrangement (SPA) and we have invested in developing the business's operational capabilities and senior management team ahead of its next such appointment. We recruited a Chief Underwriting Officer in May 2016, followed by the appointment of a Director of Operations, just after the year end.
- **Charles Taylor Insurance Services (Non-life)** provides outsourced insurance services to the Lloyd's, London and international insurance markets. The business performed steadily in 2016. CTIS introduced additional functionality to the London Market Experts Database, which it operates on behalf of the Lloyd's market. It also strengthened the business' senior management team with the appointment of a finance director and new operations director after the year-end.
- **Charles Taylor Insurance Services (Life)**, based in the Isle of Man, is the Group's life insurance administration servicing business. It provides policy administration services to both life insurance businesses writing live business and those in run-off.
  The recently announced acquisition of Allied Dunbar International Fund Managers, which manages a collective investment scheme, will, on completion, enable us to further extend our range of professional services by entering the international fund administration services market. Fund

administration services are closely related to the policy administration services we already offer. This opens up opportunities for us to deliver new services to fund managers in the Isle of Man and other international markets.

- **Charles Taylor TPA** is a global Third Party Administrator (TPA), expert in handling claims for insurers, coverholders and self-insured employers. The business takes on some or all of our clients' claims management function, from white-labelled first notification of loss services, through to claims investigation and delegated claims settlement and loss fund management. In 2016, we extended the Group's TPA service capabilities to offer services to a much wider range of clients around the world.
- **Other business lines, including** the Group's investment management, captive management, risk consulting businesses, performed in line with expectations.

Owned Life Insurers

The Owned Life Insurers business delivered significantly increased operating profit in 2016. This was largely due to the residual profit contribution following the Group's acquisition of Scottish Widows International (SWI) in 2015, now renamed LCL Assurance.

Life insurance

The Group currently owns three life insurance businesses, which performed steadily and in line with our expectations in 2016. As reported at the Half Year, we are working towards consolidating two of those businesses into LCL International Life Assurance Company Limited and anticipate that we will progress this over the next six to twelve months.

In November, we agreed to acquire a closed book of international life assurance business from Zurich International Life Limited. The life book acquisition is part of our strategy to make acquisitions in the international life insurance sector and will increase the Group's life insurance assets under management and delivery of policy administration services. This will be the fifth life insurance acquisition the Group has made in the last five years.

Charles Taylor's strategy of acquiring and consolidating life insurers in run-off creates benefits from economies of scale. Small insurers typically have operational inefficiencies, often relating to legacy systems and manual processes, and have high fixed costs to cover, such as management, audit, director and regulatory fees. Such cost structures are an important factor in small to medium sized insurers holding actuarial reserves on a prudent basis. By acquiring such insurers and then merging them, legally and operationally, with another insurer, economies of scale in the annual running costs are created for the current period and future years. As future expected expenses over a number of years can be a major factor in setting the actuarial reserves, such economies of scale can trigger reductions in the actuarial reserves, which can lead to profits and cash releases arising at trigger points such as acquisition, reinsurance and following schemes of transfer.

The Group has been successful in the acquisition and consolidation of life insurers in run-off since 2006. On completion, the Zurich transaction, will demonstrate that we also have the ability to acquire books of legacy business from insurers with operations still open to new business in other product areas.

Non-life insurance

As reported at the half year, we completed the sale or business transfer of the Group's non-life insurers during the year. As a result, the Group no longer has any non-life insurance exposures.

Other Group strategy initiatives

During 2016, we worked to provide the Group's business lines with more responsive and accountable shared services with the further development of our Global Business Services teams. We implemented a 'business partner' model for those shared service teams and invested in building our core capabilities. Human resources, finance, legal, compliance and marketing business partners are now embedded into our main business units. We also recruited additional staff to provide our businesses with enhanced marketing, legal and HR capabilities.

As reported at the Half Year, we undertook a second staff engagement survey in 2016. The results have been very encouraging with nine out of ten staff saying they regard Charles Taylor as a great place to work that they can recommend to family and friends. We further developed our staff training and professional development initiatives, extending the core learning and development curriculum with the addition of new training courses. We also appointed a Group Director of Property and Procurement, to oversee our property management strategy globally and to drive efficiencies through more effective Group procurement.

Current trading and outlook

In 2016, we consolidated our strong growth achieved in 2015, while making a strategic investment with the proceeds of the Rights Issue to drive future growth.

We are focused on building our core professional services businesses organically, though a series of investments and new business initiatives to drive growth. We are also actively considering a number of acquisition opportunities to enable us to further extend our range of professional services. We will only invest where there is a compelling strategic rationale, a strong cultural fit, a persuasive financial business case and an acceptable risk profile.

We aim to deliver reliable income streams, with sustainable year-on-year growth, while investing to create opportunities to drive higher future growth in the medium to longer term.

At this early stage in the year, our performance is in line with the Board's expectations.

Our solid results for 2016 could not have been achieved without the full commitment of our highly professional team; so I would like to thank all our staff for their hard work and dedication throughout the year.

David Marock
Group Chief Executive Officer
8 March 2017

Financial Review
The results for the year are summarised in the table below and explained in more detail in the Group Chief Executive Officer's Report.

	2016	2015
Revenue (£m)	169.3	143.4
Operating profit (£m)	11.2	13.9
Adjustments (£m)	4.3	1.7
Finance costs/other (£m)	(0.5)	(1.1)
Non-controlling interests before tax (£m)	(0.2)	(0.3)
Adjusted profit before tax (£m)	14.8	14.2
Tax (£m)	-	(1.2)
Adjusted earnings (£m)	14.8	13.0
Adjusted earnings per share (p)	22.27	19.98

Adjusted eps is calculated by dividing the adjusted earnings by weighted average number of ordinary shares as disclosed in note 3

Adjustments
As explained more fully in the Group Chief Executive Officers' Review, Charles Taylor is a global provider of professional services to the insurance market. We operate through three professional services businesses: Management, Adjusting and Insurance Support Services. We also own and consolidate international life insurance businesses through our Owned Life Insurers business.

The Professional Services businesses provide specialist services to the insurance market. We are continually developing new professional services capabilities through carefully targeted acquisitions, joint ventures and business investments which have a compelling strategic rationale, strong cultural fit, a persuasive financial rationale and an acceptable risk profile. Our strategy includes the execution of selected larger investments. Material acquisitions and the significant expansion of new businesses, in any given financial year are infrequent so the associated costs of such investments are not representative of the underlying performance of these businesses.

The Owned Life Insurers business consolidates life insurance businesses which are primarily in run-off, creating value through targeted acquisitions and operational efficiency. Its strategy is to identify, acquire and then merge them, legally and operationally, with another insurer, achieving economies of scale in the annual running costs. This business has acquired five life companies over the last five years. Profit releases on acquisitions are dependent on the merging of businesses, requiring regulatory approval, leading to profit fluctuations; acquisition related costs are considered to be a core element of this business' underlying performance.

For this reason, the Group makes adjustments to statutory profit before tax in order to report profit before tax that reflects the Group's underlying performance ("adjusted profit before tax"). These adjustments, which are listed below, are as follows in 2016:

- The amortisation of intangible assets recognised on acquisition by the Professional Services division of £3.0m (2015: £1.6m) is adjusted because this expense, which is higher in 2016 than 2015 because of the CEGA acquisition, does not relate to underlying performance.
- In 2016, the Professional Services business set up a new significant adjusting business in the UK ("Construction & Engineering"), acquired the CEGA Group and incurred legal costs relating to its arrangements with an associate. The total of these costs £1.8m, have been adjusted.
- The Professional Services business also recognised work in progress of £0.7m relating to the acquisition of Knowles Loss Adjusters (now known as Charles Taylor General Adjusters) in 2014. This income, which is non-recurring, has been adjusted.
- The Professional Services business incurred its share of an associate's non-recurring costs, £0.2m, these costs do not relate to the underlying performance of this investment and have been adjusted.

	2016 (£m)	2015 (£m)
Statutory profit before tax	10.7	12.8
Amortisation of acquired intangible assets	3.0	1.6
Non-recurring items	1.3	0.1
Non-controlling interests before tax	(0.2)	(0.3)
Adjusted profit before tax	14.8	14.2

Note: Small rounding differences arise in the total amounts above.

Net debt, cash flow and financing

Following the acquisition of the CEGA Group ("CEGA") in July 2016 for initial consideration of £24.9m, the Group ended 2016 with net debt of £37.5m (2015: £9.9m). Free cash flow was £7.2m (2015: £8.6m). We are continuing to focus on managing our debt while investing for growth.

The Group's senior banking facilities comprise an amortising senior term loan of £10.0m and a £35.0m revolving credit facility. In addition, the Group has £5.0m uncommitted overdraft facilities in the UK, uncommitted overseas facilities of the local currency equivalent of £3.4m and committed overseas facilities of the local currency equivalent of £3.4m. Interest rates are mostly linked to 3 month Libor plus margins of 2.25-2.75%. The senior term loan and revolving credit facility are available until 7 November 2018. The other facilities are renewed on an annual basis.

Retirement benefit schemes

In common with most businesses with defined benefit pension schemes, the Group's pension scheme deficit rose during the year, noting the deficit reduced slightly from the Half Year. The retirement benefit obligation in the Group balance sheet at 31 December 2016 was £52.5m, compared with £39.6m at the previous year-end. The increase in net obligation has been driven by a change in discount rates, which in turn are driven by a fall in corporate bond yields. There are multi-year programmes in place to recover pension scheme deficits fully on a regulatory funding basis and funding costs are reflected in management fees charged by the Group where appropriate.

Dividend

The final dividend for 2016 is 7.35p (2015 second interim dividend: 6.57p) making the total dividend for the year 10.50p (2015: 10.00p).

Foreign exchange

The Group manages its exposure to foreign currency fluctuations by using forward foreign exchange contracts and options to sell currency in the future. The contracts open during the year and at the year-end put in place to protect the Group's exposure to movements between the US$ and Sterling. The US$ profits of the Group were translated at US$1.36 in 2016 (2015: US$1.53). The sensitivity of the Group's results to movements in exchange rates is explained in note 29 to the Financial Statements.

Taxation

During 2016, the effective tax rate on statutory profit was 0% (2015: 8.1%) due to the recognition of deferred tax assets in respect of brought forward UK tax losses.

Mark Keogh
Group Chief Financial Officer
8 March 2017

Consolidated Income Statement

	Note	Year to 31 December 2016 £000	2015 £000
Continuing operations			
Revenue from Professional Services		**164,551**	138,640
Revenue from Owned Insurance Companies			
Gross revenue		**5,567**	5,615
Outward reinsurance premiums		**(854)**	(813)
Net revenue from Owned Insurance Companies		**4,713**	4,802
Total revenue	2	**169,264**	143,442
Expenses from Owned Insurance Companies			
Claims incurred		**(120,926)**	(22,281)
Reinsurance recoveries		**2,950**	363
Other gains from insurance activities		**120,464**	23,072
Net operating expenses		**(5,212)**	(5,136)
Net expenses		**(2,724)**	(3,982)
Administrative expenses		**(154,275)**	(127,998)
Gain on acquisition		**–**	2,291
Share of (loss)/profit of associates		**(1,028)**	131
Operating profit		**11,237**	13,884
Investment and other income		**823**	164
Finance costs		**(1,333)**	(1,230)
Profit before tax		**10,727**	12,818
Income tax expense		**–**	(1,044)
Profit for the year from continuing operations		**10,727**	11,774
Discontinued operations			
Loss for the year from discontinued operations		**–**	(5,741)
Profit for the year		**10,727**	6,033
Attributable to:			
Owners of the Company		**10,541**	8,724
Non-controlling interests		**186**	(2,691)
		10,727	6,033
Earnings per share for profit attributable to owners of the Company			
From continuing and discontinued operations			
Basic earnings per share (p)	3	**15.85**	14.14
Diluted earnings per share (p)	3	**15.73**	14.04
From continuing operations			
Basic earnings per share (p)	3	**15.85**	18.61
Diluted earnings per share (p)	3	**15.73**	18.48

Consolidated Statement of Comprehensive Income

	Note	2016 £000	2015 £000
		Year to 31 December	
Profit for the year		**10,727**	6,033
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses on defined benefit pension schemes		**(15,224)**	(618)
Tax on items taken directly to equity		**1,790**	(1,188)
		(13,434)	(1,806)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**6,091**	(412)
Losses on cash flow hedges		**(374)**	(7)
		5,717	(419)
Other comprehensive loss for the year, net of tax		**(7,717)**	(2,225)
Total comprehensive income for the year		**3,010**	3,808
Attributable to:			
Owners of the Company		**2,570**	6,487
Non-controlling interests		**440**	(2,679)
		3,010	3,808

Consolidated Balance Sheet

	Note	At 31 December 2016 £000	2015 £000
Non-current assets			
Goodwill		**58,264**	44,844
Other intangible assets		**34,180**	17,428
Property, plant and equipment		**8,690**	3,559
Investments		**1,486**	1,905
Financial assets		**6,682**	5,095
Deferred tax assets		**12,707**	7,282
Total non-current assets		**122,009**	80,113
Current assets			
Total assets in insurance businesses		**1,251,017**	1,087,198
Trade and other receivables	5	**78,178**	65,545
Cash and cash equivalents		**141,436**	80,170
Assets classified as held for sale		**–**	48,161
Total current assets		**1,470,631**	1,281,074
Total assets		**1,592,640**	1,361,187
Current liabilities			
Total liabilities in insurance businesses		**1,236,898**	1,066,765
Trade and other payables	6	**37,074**	29,327
Deferred consideration		**2,979**	8,213
Current tax liabilities		**458**	1,018
Borrowings		**10,002**	6,579
Client funds		**125,198**	68,406
Liabilities directly associated with assets classified as held for sale		**–**	28,843
Total current liabilities		**1,412,609**	1,209,151
Net current assets		**58,022**	71,923
Non-current liabilities			
Borrowings		**43,670**	15,057
Deferred tax liabilities		**6,309**	–
Retirement benefit obligation		**52,467**	39,555
Provisions		**338**	321
Obligations under finance leases		**41**	50
Deferred consideration		**7,044**	7,569
Total non-current liabilities		**109,869**	62,552
Total liabilities		**1,522,478**	1,271,703
Net assets		**70,162**	89,484
Equity			
Called up share capital		**674**	665
Share premium account		**72,372**	71,239
Merger reserve		**6,872**	6,872
Capital reserve		**662**	662
Own shares		**(430)**	(489)
Accumulated losses		**(12,126)**	(8,869)
Equity attributable to owners of the Company		**68,024**	70,080
Non-controlling interests		**2,138**	19,404
Total equity		**70,162**	89,484

The financial statements were approved by the Board of Directors and signed on its behalf by

Mark Keogh
Director
8 March 2017

Cash Flow Statement

	Note	Year to 31 December 2016 £000	2015 £000
Group			
Net cash generated from operating activities	8	**71,200**	41,741
Investing activities			
Interest received		**394**	117
Proceeds on disposal of property, plant and equipment		**278**	112
Purchases of property, plant and equipment		**(1,753)**	(2,700)
Purchases of other intangible assets		**(6,091)**	(4,192)
Purchase of investments		**(3,320)**	(7,424)
Acquisition of subsidiaries – net of cash acquired		**(23,507)**	1,592
Payment of deferred consideration		**(8,214)**	(3,251)
Net cash used in investing activities		**(42,213)**	(15,746)
Financing activities			
Proceeds from issue of shares		**442**	29,533
Dividends paid		**(6,732)**	(5,405)
Repayments of borrowings		**(12,590)**	(33,128)
Repayments of obligations under finance leases		**(16)**	(119)
New bank loans raised		**40,587**	11,063
Increase in bank overdrafts		**3,465**	783
Net cash generated from financing activities		**25,156**	2,727
Net increase in cash and cash equivalents		**54,143**	28,722
Cash and cash equivalents at beginning of year		**80,170**	52,185
Effect of foreign exchange rate changes		**7,123**	(737)
Cash and cash equivalents at end of year		**141,436**	80,170

Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Merger reserve £000	Capital reserve £000	Own shares £000	Accumulated losses £000	Non-controlling interests £000	Total equity £000
At 1 January 2016	**665**	**71,239**	**6,872**	**662**	**(489)**	**(8,869)**	**19,404**	**89,484**
Issue of share capital	**9**	**–**	**–**	**–**	**–**	**–**	**–**	**9**
Share premium arising on issue of share capital	**–**	**1,133**	**–**	**–**	**–**	**–**	**–**	**1,133**
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**10,541**	**186**	**10,727**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(6,732)**	**–**	**(6,732)**
Actuarial losses on defined benefit pension schemes	**–**	**–**	**–**	**–**	**–**	**(15,224)**	**–**	**(15,224)**
Tax on items taken to equity	**–**	**–**	**–**	**–**	**–**	**1,790**	**–**	**1,790**
Losses on cash flow hedges	**–**	**–**	**–**	**–**	**–**	**(374)**	**–**	**(374)**
Foreign currency exchange differences	**–**	**–**	**–**	**–**	**–**	**5,837**	**254**	**6,091**
Movement in share-based payments	**–**	**–**	**–**	**–**	**–**	**1,227**	**–**	**1,227**
Movement in own shares	**–**	**–**	**–**	**–**	**59**	**–**	**–**	**59**
Sale and closure of non-life operations	**–**	**–**	**–**	**–**	**–**	**–**	**(17,706)**	**(17,706)**
Other movements	**–**	**–**	**–**	**–**	**–**	**(322)**	**–**	**(322)**
At 31 December 2016	**674**	**72,372**	**6,872**	**662**	**(430)**	**(12,126)**	**2,138**	**70,162**
At 1 January 2015	434	35,650	6,872	662	(223)	(10,699)	21,980	54,676
Issue of share capital	231	–	–	–	–	–	–	231
Share premium arising on issue of share capital	–	35,589	–	–	–	–	–	35,589
Profit for the financial year	–	–	–	–	–	8,724	(2,691)	6,033
Dividends paid	–	–	–	–	–	(5,405)	–	(5,405)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	(618)	–	(618)
Tax on items taken to equity	–	–	–	–	–	(1,188)	–	(1,188)
Losses on cash flow hedges	–	–	–	–	–	(7)	–	(7)
Foreign currency exchange differences	–	–	–	–	–	(425)	13	(412)
Movement in share-based payments	–	–	–	–	–	803	–	803
Movement in own shares	–	–	–	–	(266)	–	–	(266)
Sale and closure of non-life operations	–	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	(54)	102	48
At 31 December 2015	665	71,239	6,872	662	(489)	(8,869)	19,404	89,484

The capital reserve and merger reserve arose on formation of the Group and are non-distributable capital reserves.

Own shares comprise 311,120 (2015: 571,990) shares held by the Charles Taylor Employee Share Ownership Plan Trust (ESOP). The market value of these shares was £0.8m (2015: £1.5m) at the balance sheet date.

The trustee of the ESOP is Summit Trust International SA, an independent professional trust company registered in Switzerland. The ESOP is a discretionary trust for the benefit of employees of the Group and provides a source of shares to distribute to the Group's employees (including Executive Directors and officers) under the Group's various bonus and incentive schemes, at the discretion of the trustee acting on the recommendation of a committee of the Board.

The assets, liabilities, income and costs of the ESOP are incorporated into the consolidated financial statements.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances other than company law requirements dealing with distributable profits, and in the case of the insurance companies, regulatory permissions and solvency limits.

Notes to the Financial Statements

1. Basis of accounting

The financial information set out above does not constitute the statutory accounts of Charles Taylor plc for the year ended 31 December 2016, but is derived from those statutory accounts, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) and also in accordance with IFRSs adopted by the European Union and therefore they comply with Article 4 of the EU IAS Regulation.

Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered following the Company's Annual General Meeting.

The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498 (2) or (3) Companies Act 2006.

2. Segmental information

Identification of segments

For management and internal reporting purposes the Group is currently organised into four operating businesses whose principal activities are as follows:

- Management Services business – provides end-to-end management services to insurance companies, mutuals and associations.
- Adjusting Services business –provides loss adjusting services across the aviation, energy, marine, property & casualty and special risks sectors.
- Insurance Support Services business – provides a wide range of professional, technology and support services, enabling our clients to select the specific services they require.
- Owned Life Insurers business – consolidates life insurance businesses which are primarily in run-off, creating value through targeted acquisitions and operational efficiency.

Management information about these businesses is regularly provided to the Group's chief operating decision maker to assess their performance and to make decisions about the allocation of resources. Accordingly, these businesses correspond with the Group's operating segments under IFRS 8 *Operating Segments*. Businesses forming part of each business which might otherwise qualify as reportable operating segments have been aggregated where they share similar economic characteristics and meet the other aggregation criteria in IFRS 8.

In the Management Services business, a higher proportion of revenue arises in the second half of the financial year. There is no significant seasonality or cyclicality in the other businesses.

Measurement of segmental results and assets

Transactions between reportable segments are accounted for on the basis of the contractual arrangements in place for the provision of goods or services between segments and in accordance with the Group's accounting policies. Reportable segment results and assets are also measured on a basis consistent with the Group's accounting policies. Operating profit for the individual segments includes an allocation of central costs. The Adjustments column includes elimination of inter-segment revenue, share of results of associates and the adjustments set out in the Finance Review. Reconciliations of segmental results to the Group profit before tax are set out below.

Information about major customers

The Group derived revenue of £34.3m (31 December 2015: £32.8m) from one external customer which accounts for more than 10% of Group revenue, is included within both the Management Services and Insurance Support Services businesses.

Year to 31 December 2016 Continuing operations	**Professional Services businesses**					**Owned Life Insurers**	**Adjustments**	**Group**
	Management Services £000	**Adjusting Services £000**	**Insurance Support Services £000**	**Unallocated £000**	**Total £000**	**Insurance Companies £000**	**Eliminations/ Other £000**	**Total £000**
Revenue from external clients	**54,746**	**65,420**	**44,380**	**5**	**164,551**	**4,713**	**–**	**169,264**
Revenue from other operating segments	**–**	**–**	**2,664**	**–**	**2,664**	**–**	**(2,664)**	**–**
Total revenue	**54,746**	**65,420**	**47,044**	**5**	**167,215**	**4,713**	**(2,664)**	**169,264**
Depreciation and amortisation	**(1,003)**	**(1,282)**	**(973)**	**–**	**(3,258)**	**(379)**	**–**	**(3,637)**
Other expenses	**(45,091)**	**(62,314)**	**(42,247)**	**(5)**	**(149,657)**	**(2,327)**	**(2,406)**	**(154,390)**
Operating profit/(loss)	**8,652**	**1,824**	**3,824**	**–**	**14,300**	**2,007**	**(5,070)**	**11,237**
Investment and other income								**823**
Finance costs								**(1,333)**
Profit before tax								**10,727**

Year to 31 December 2015 Continuing operations	Professional Services businesses					Owned Life Insurers	Adjustments	Group
	Management Services £000	Adjusting Services £000	Insurance Support Services £000	Unallocated £000	Total £000	Insurance Companies £000	Eliminations/ Other £000	Total £000
Revenue from external clients	50,718	59,016	28,903	3	138,640	4,802	–	143,442
Revenue from other operating segments	–	–	3,229	–	3,229	–	(3,229)	–
Total revenue	50,718	59,016	32,132	3	141,869	4,802	(3,229)	143,442
Depreciation and amortisation	(1,348)	(1,689)	(623)	–	(3,660)	(385)	–	(4,045)
Other expenses	(40,545)	(55,631)	(27,018)	205	(122,989)	(4,183)	1,659	(125,513)
Operating profit/(loss)	8,825	1,696	4,491	208	15,220	234	(1,570)	13,884
Investment and other income								164
Finance costs								(1,230)
Profit before tax								12,818

Loss for the year from discontinued operations in 2015 was £5.7m.

Continuing operations	At 31 December 2016 £000 Professional Services businesses	Owned Life Insurers	Group	At 31 December 2015 £000 Professional Services businesses	Owned Life Insurers	Group
Management Services business	**3,643**	**–**	**3,643**	5,380	–	5,380
Adjusting Services business	**209,560**	**–**	**209,560**	149,606	–	149,606
Insurance Support Services business	**106,021**	**–**	**106,021**	46,528	–	46,528
Unallocated assets and eliminations	**20,427**	**–**	**20,427**	21,963	–	21,963
Owned Insurance Companies business	**–**	**1,252,989**	**1,252,989**	–	1,089,549	1,089,549
Assets classified as held for sale	**–**	**–**	**–**	–	48,161	48,161
Total assets	**339,651**	**1,252,989**	**1,592,640**	223,477	1,137,710	1,361,187
– Non-current assets	**120,037**	**1,972**	**122,009**	77,762	2,351	80,113
– Current assets	**219,614**	**1,251,017**	**1,470,631**	145,715	1,135,359	1,281,074
Total assets	**339,651**	**1,252,989**	**1,592,640**	223,477	1,137,710	1,361,187
Current liabilities	**(172,732)**	**(1,236,898)**	**(1,409,630)**	(105,330)	(1,066,765)	(1,172,095)
Deferred consideration payable within one year	**(2,979)**	**–**	**(2,979)**	(875)	(7,338)	(8,213)
Liabilities directly associated with assets classified as held for sale	**–**	**–**	**–**	–	(28,843)	(28,843)
Net current assets	**43,903**	**14,119**	**58,022**	39,510	32,413	71,923
Non-current liabilities	**(102,825)**	**–**	**(102,825)**	(54,983)	–	(54,983)
Deferred consideration payable in more than one year	**(4,612)**	**(2,432)**	**(7,044)**	(2,537)	(5,032)	(7,569)
Total liabilities	**(283,148)**	**(1,239,330)**	**(1,522,478)**	(163,725)	(1,107,978)	(1,271,703)
Net assets	**56,503**	**13,659**	**70,162**	59,752	29,732	89,484
Non-controlling interests	**(2,138)**	**–**	**(2,138)**	(1,450)	(17,954)	(19,404)
Equity attributable to owners of the Company	**54,365**	**13,659**	**68,024**	58,302	11,778	70,080

	Revenue Year to 31 December		Non-current assets[1] At 31 December	
Geographical information Continuing operations	**2016 £000**	2015 £000	**2016 £000**	2015 £000
United Kingdom	**59,467**	44,718	**96,813**	60,231
Other Europe	**11,381**	9,856	**2,683**	3,746
Middle East	**3,885**	3,720	**116**	114
North America	**14,462**	12,249	**6,918**	6,254
Central and South America	**5,483**	4,404	**180**	183
Asia Pacific	**17,676**	15,037	**1,637**	1,480
Bermuda	**56,910**	53,458	**955**	823
	169,264	143,442	**109,302**	72,831

1 Excluding deferred tax.

3. Earnings per share

	Year to 31 December 2016 pence	2015 pence
Basic earnings per share:		
from continuing operations	**15.85**	18.61
from discontinued operations	**–**	(4.47)
	15.85	14.14
Diluted earnings per share:		
from continuing operations	**15.73**	18.48
from discontinued operations	**–**	(4.44)
	15.73	14.04

The earnings and weighted average number of shares used in the calculation of earnings per share are as shown below. The shares held by the ESOP have been excluded from the calculation because the trustees have waived the right to dividends on these shares.

	Year to 31 December 2016 £000	2015 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**10,541**	8,724
Result/loss for the year from discontinued operations	**–**	2,761

Earnings for the purposes of basic and diluted earnings per share from continuing operations	**10,541**	11,485

	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**66,526,347**	61,699,902
Effect of dilutive potential ordinary shares:		
Share options	**473,825**	440,598
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**67,000,172**	62,140,500

4. Acquisition of subsidiaries

CEGA Group

On 25 July 2016, the Group acquired 100% of the issued share capital of CEGA Solutions Limited, CEGA Holdings Limited, CEGA Group Services Limited, CEGA Air Ambulance Limited and CEGA Corporate Trustee Limited, collectively "CEGA Group". CEGA Group is a specialist provider of technical medical assistance and travel claims management services.

The business contributed £13.7m revenue and £0.2m profit before tax to the Group since the acquisition date. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The goodwill is attributable to the additional technical, high value-add services brought by the Group which compliment the Group's existing capabilities:

	CEGA Group		
	Carrying amount before acquisition £000	Adjustments £000	Amount recognised at acquisition £000
Identifiable intangible assets	–	14,936	14,936
Property, plant and equipment	4,619	(31)	4,588
Trade and other receivables	3,032	–	3,032
Cash and cash equivalents	876	–	876
Trade and other payables	(3,496)	–	(3,496)
Corporation tax liabilities	(179)	–	(179)
Deferred tax liabilities	–	(2,600)	(2,600)
Identifiable assets and liabilities	4,852	12,305	17,157
Goodwill			12,683
Consideration			29,840
Satisfied by:			
Cash			24,183
Ordinary shares of the Company			700
Deferred consideration			4,957
Consideration			29,840

The fair value of the 285,717 shares issued as part of the consideration paid for CEGA Group (£0.7m) was based on an issued share price of 245p.

The Group has committed to pay deferred consideration of up to £5.8m undiscounted, over the next two years, based on profitability targets being met. The fair value of contingent consideration of £5.0m was estimated by calculating the present value of future expected cash flows using a discount rate of 3.39%.

If the acquisition had been completed on the first day of the financial year, the combined revenue for the Group and statutory profit before tax would have been £188.3m and £11.3m respectively.

Acquisition-related costs of £0.6m that were not directly attributable to the issue of shares are included in administrative expenses in the consolidated income statement and in operating cash flows in the cash flow statements.

5. Trade and other receivables

	At 31 December	
	2016	2015
	£000	£000
Trade debtors	**35,560**	29,633
Amounts due from associates	**2**	2
Other debtors	**3,666**	5,950
Prepayments	**10,624**	5,093
Accrued income	**27,797**	23,551
Corporation tax	**529**	1,316
	78,178	65,545

Amounts due from or owed to subsidiaries (below) are unsecured, interest free and repayable on demand.

6. Trade and other payables

	At 31 December	
	2016	2015
	£000	£000
Trade creditors	**5,782**	4,616
Other taxation and social security	**2,863**	2,631
Other creditors	**3,642**	1,466
Accruals and deferred income	**24,787**	20,614
	37,074	29,327

7. Borrowings

	At 31 December	
	2016	2015
	£000	£000
Total borrowings:		
Amount due for settlement within 12 months	**10,002**	6,579
Amount due for settlement after 12 months	**43,670**	15,057
	53,672	21,636

8. Note to the cash flow statement

	Year to 31 December	
	2016	2015
	£000	£000
Operating profit	**11,237**	13,884
Adjustments for:		
Depreciation of property, plant and equipment	**1,403**	1,780
Amortisation of intangibles	**5,253**	3,904
Other non-cash items	**(85)**	443
Decrease in provisions	**(2,334)**	(2,582)
Share of loss/(profit) of associates	**1,028**	(131)
Operating cash flow before movements in working capital	**16,502**	17,301
Increase in receivables	**(10,296)**	(6,894)
Increase in payables	**3,612**	3,409
Increase in insurance company assets	**(163,732)**	(243,193)
Increase in insurance company liabilities	**169,841**	246,626
Cash generated from operations	**15,927**	17,249
Income taxes paid	**(922)**	(1,176)
Interest paid	**(597)**	(852)
Net cash before movement in client funds	**14,408**	15,221
Movement in client funds	**56,792**	26,520
Net cash generated from operating activities	**71,200**	41,741

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less. Cash includes client funds of £125.2m (2015: £68.4m).