The following amendment has been made to the "Final Results" announcement released earlier today under RNS no. 4833H.

In the table of financial highlights section at the start of the announcement, the Net Debt figures originally stated:

£000	**Year to 31-Dec-17**	**Year to 31-Dec-16**
Net debt	**21,760**	**14,967**

The updated figures are as follows:

£000	**Year to 31-Dec-17**	**Year to 31-Dec-16**
Net debt	**22,294**	**15,032**

All other details remain unchanged. The full amended text is shown below.

13 March 2018

Midwich Group Plc

("Midwich" or the "Group")

Final Results

Midwich, the leading specialist audio visual and document solutions distributor to the trade market, today announces its Final Results for the year to 31 December 2017.

£000	**Year to 31-Dec-17**	**31-Dec-16**	*% change*
Revenue	**471,937**	**370,142**	*27.5%*
Gross Profit	**73,127**	**56,461**	*29.5%*
Gross profit %	*15.5%*	*15.3%*	
Operating profit	**20,809**	**14,487**	*43.6%*
Adjusted operating profit (1)	**25,044**	**18,542**	*35.1%*
Adjusted operating profit %	*5.3%*	*5.0%*	
Profit before tax	**18,898**	**12,102**	*56.2%*
Adjusted profit before tax(2)	**24,309**	**17,912**	*35.7%*
Adjusted profit before tax %	*5.2%*	*4.8%*	
Profit after tax	**13,979**	**8,560**	*63.3%*
Adjusted profit after tax(2)	**18,664**	**14,365**	*29.9%*
Reported EPS – pence	**17.06**	**10.92**	*56.3%*

Adjusted EPS – pence[2]	**22.86**	**18.63**	*22.7%*
Dividend per Share (for 8 month period 2016) – pence	**13.82**	**8.62**	*36.2%*
Net debt	**22,294**	**15,032**	

Financial Highlights

- Another year of impressive growth with revenue up 27.5% from £370.1m to £471.9m (24.2% in constant currency)
- In addition to top line growth, gross profit margin increased by 0.2% to 15.5% driven by an improving product mix
- Adjusted operating profit increased by 35.1% from £18.5m to £25.0m (31.3% in constant currency)
- Adjusted profit before tax[2] grew 35.7% from £17.9m to £24.3m (31.9% in constant currency)
- Strong cash flow conversion resulted in a conservative balance sheet at the year end with net debt of £22.3 million (0.8x adjusted EBITDA[3])
- Board has recommended final dividend payment of 9.65 pence per share (2016: 7.09p) taking the total annual dividend payment to 13.82 pence per share, an increase of 36.2% on a like for like basis

Operational highlights

- Another year of improved revenue and net profits across all territories driven by impressive growth in the specialist audio visual and technical product categories
- A further year of improved gross margins
- Strong working capital management has generated free cash flow conversion of 83%
- Completed and integrated three successful acquisitions, strengthening the Group's professional audio and professional lighting credentials and extending its global footprint into Iberia and the Benelux
- Post period end, appointed Hilary Wright to the Board as a Non-Executive Director on 9 March 2018

(1) Adjusted operating profit has been calculated after adding back costs related to the initial public offering, acquisition costs, share based payments and amortization.

(2) Adjusted profit before tax and profit after tax have been calculated after adding back costs related to the initial public offering, acquisition costs, share based payments, amortization, put and call option finance costs and loan note interest incurred prior to the IPO.

(3) Adjusted EBITDA calculated as Adjusted operating profit after adding back depreciation for the year being £26.8m (2016: £19.8m).

There will be a presentation for analysts at 9:30am today, 13 March 2018, at the offices of FTI Consulting, 200 Aldersgate, London, EC1A 4HD.

Stephen Fenby, Managing Director of Midwich Group Plc, said:
"We have delivered another year of strong profitable growth in 2017 across the Group. The underlying business has performed very well, resulting in significant increases in revenue and profit while improving gross margins. I am also pleased with the successful integration of the three earnings enhancing acquisitions that we made in the year, all of which have contributed positively to the Group result.

"We continue to develop industry leading businesses across the geographies in which we operate and there remain substantial growth opportunities, both organic and inorganic, in these regions and further afield. We have continued to strengthen our central management team to help pursue and execute on our growth strategy and our strong balance sheet provides the necessary firepower to take advantage of the right opportunities.

"Trading in the first few months of 2018 has built on the good growth achieved in the prior year giving the Board confidence in delivering results in 2018 in line with its expectations."

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Notes to Editors

Midwich Group is a specialist Audio Visual ('AV') and document solutions distributor to the trade markets, operating across the UK, Ireland, France, Australasia, Germany, Iberia and Benelux.
The Group's staff of around 750, who operate out of 16 offices, are dedicated to continually enhancing our technical expertise, building extensive product knowledge and delivering strong customer service.
We have a large and diverse base of approximately 13,000 customers and long-standing relationships with around 330 vendors, including blue chip organisations.

The Group supports a comprehensive product portfolio across major technology categories such as large format displays, projectors, technical and professional video, audio and digital signage.

For further information, please visit www.midwichgroupplc.com

Chairman's Statement
I am pleased to report that the Group has continued to deliver strong results in 2017, achieving both revenue and profit growth across all of its markets and geographies.

Revenue of £471.9 million was 27.5% ahead of prior year (24.2% at constant currency) and reflects an impressive level of organic growth across the business along with contributions from the successful acquisitions during the year of Earpro S.A., the Gebroeders van Domburg B.V. Group of companies and Sound Technology Limited.

Profit margins were improved and adjusted profit before tax grew by 35.7% to £24.3 million. Adjusted earnings per share increased by 22.7% to 22.86 pence per share.

Healthy cash flow performance has helped us maintain a strong balance sheet.

The Board is focused on delivering profitable growth and enhancing the capabilities and reach of the Group in its core business areas.

Organic growth in revenues before the impact of acquisitions (organic growth) was 14.8% reflecting strong performance across all our geographic markets. The Displays and Technical product ranges were particularly strong contributors to this growth.

During 2017 we were successful in further expanding the reach of the Group through acquisitions, adding businesses covering the Iberian and Benelux markets and enhancing our position further in the UK. These businesses are already contributing to both sales and profit and have added to our capabilities, in particular in the audio and lighting markets, both of which provide future growth opportunities

Our strategy of delivering organic growth while adding capability and scale to the business through acquisition is unchanged and we continue to pursue a good pipeline of opportunities.

Dividend

The Board has adopted a progressive dividend policy to reflect the Group's strong earnings and cash flow while maintaining an appropriate level of dividend cover to allow for investment in longer-term growth.

The Board is recommending a final dividend of 9.65 pence per share (2016: 7.09 pence), which if approved will be paid on 22 June 2018 to shareholders on the register on 25 May 2018. With the interim dividend declared in September 2017, this represents a total dividend for the year to 31 December 2017 of 13.82 pence per share and growth, when compared to a full twelve month equivalent, of 36.2% (note 12). The proposed dividend is covered 1.7 times by adjusted earnings.

Board

The Board completed a self-evaluation exercise during 2017, reinforcing our commitment to and success in establishing a strong corporate governance framework. While concluding that the Group has an experienced Board and management team in place to help grow the business to the benefit of our customers, our vendors, our employees and our shareholders, we also identified the opportunity to further strengthen the Board with the appointment of a third independent non-executive director.

I am pleased to confirm that Hilary Wright joined the Board on 9 March 2018. Hilary is an HR professional with a background in international businesses and brings a wealth of complementary experience to the team.

People

The success of any company is down to the quality of its leadership and its people. The team at Midwich continues to demonstrate great skill, commitment and drive and it is our people that are the key to the Group's strong track record and continued success.

On behalf of the Board, I would like to thank all employees and our partners for their commitment and hard work and congratulate them all on achieving these impressive results.

Andrew Herbert
Chairman
Managing Director's Review

Delivering our growth plans

I am very pleased to report that in 2017 we continued successfully to deliver encouraging growth across all the Group's businesses and regions at both a revenue and profit level. As well as impressive organic growth, we have also been successful in using targeted acquisitions to drive future growth as well as to build our expertise in a broader range of markets and products.

Strong financial performance

The Group has delivered a strong growth performance in 2017 with revenue for the year of £471.9 million (2016: £370.1 million) – an increase of 24.2% (2016: 15.1%) on a constant currency basis. This resulted from revenue growth across all regions, with particularly strong growth achieved in Germany and Australia. The three acquisitions made during the year accounted for 6.8% of the 24.2% growth.

Group gross profit increased by 29.5% to £73.1 million (2016: 20.2% to £56.5 million). The growth in gross profit represented a further increase in the Group's gross margin from 15.3% to 15.5%. This increase was delivered as a result of continued focus on margins and driving improvement through improving product mix while working closely with vendors and customers alike to add value to both in the supply chain. The growth in Technical Video, LED and Rental sectors also resulted in improved margins. The Group has now successfully increased the gross margin every year for over 10 years.

Our adjusted operating profit margin improved from 5.0% to 5.3%. Adjusted profit after tax increased 29.9% to £18.7 million (2016: 22.4% to £14.4 million) and adjusted earnings per share increased 22.7% (2016: 19.5%) to 22.9 pence (2016: 18.6 pence). Reported profit before tax was £18.9 million (2016: £12.1 million) and reported earnings per share increased to 17.1 pence (2016: 10.9 pence). Calculations of adjusted profits are included within the adjustments to reported results which are presented in the financial review.

Our business model

The Midwich Group is a specialist distributor serving only the trade market and specialising in audio visual equipment. With initial operations in the UK, the Group has expanded its footprint to include Ireland, France, Australasia, Germany, Iberia and Benelux. In 2006 the Group commenced an acquisition programme aimed at acquiring smaller businesses to provide access to new products, sectors and geographical markets. Our general strategy was to acquire businesses which not only added to the Group's capabilities, but which also provided exciting opportunities for growth. We continue to have significant success with this strategy and a substantial number of opportunities remain across the globe.

We believe that our primary role as a value added distributor is to facilitate growth in the markets in which we operate. We help our manufacturer partners to gain access and grow their businesses in geographical and vertical markets.

The Group's long-standing relationships with around 330 vendors, including blue-chip organisations such as Samsung, LG, Epson and NEC, supports a comprehensive product portfolio across major audio-visual categories such as large format displays, projectors, technical and professional video, audio and digital signage. The Group operates as the sole or largest in-country distributor for a number of its vendors in their respective product sets. We attribute this position to the Group's technical expertise, extensive product knowledge and strong customer service offering built up over a number of years.

The Group offers a range of support to its customers, including demonstrating products, training staff, providing technical assistance through to logistics and post-sales support. We have a large and diverse base of around 13,000 customers, most of which are professional AV integrators and IT resellers serving sectors including corporate, education, retail, residential and hospitality. Although the Group does not sell directly to end users, we believe that the majority of our products are used by corporate, commercial and educational establishments rather than consumers.

The Group has an established track record of acquiring complementary businesses and then assisting them to grow significantly. Although the majority of growth achieved has been organic, over the past five years around one third of turnover and profit growth has derived from acquired businesses. Between 2006 and 2008 our acquisition strategy was focused primarily on adding more technical businesses into the UK segment. From 2009 the focus turned to expanding the business outside the UK, with a primary drive to have a presence in the three largest European AV markets (the UK, France and Germany) and then expanding the business further across Europe. The Group trades as Sidev in France, Kern & Stelly in Germany, Earpro in Iberia, Gebroeders van Domburg in Benelux, and Square One Distribution in Ireland. Our businesses in Australia and New Zealand trade under the Midwich name.

A continually evolving and growing market sector

Our addressable market in professional audio-visual solutions covers areas such as sound, video, lighting, display and projection systems. These solutions are prevalent and relied upon in many areas of daily life – at home, in transit, at the workplace and in a wide range of retail, leisure and recreational functions. The application of AV systems is found in areas such as collaborative conferencing, and digital signage solutions, with end users broadly covering the corporate, events, government, education, retail, hospitality, healthcare and residential markets. The increased use of all these technologies is being driven by a number of inter-related factors, such as an increased pace of both technological advancements and technology adoption, changes to working day practices, continued technology convergence, and evolving social and consumer trends. Economic recovery since the global recession, which itself failed to significantly dampen growth, has also been beneficial for the AV market.

In addition to this increased use of our core product sets by end users, the recent trend in the AV market has been towards increased use by large manufacturers of distributors as intermediaries in the AV supply chain, driven by economic factors (vendors trying to reduce costs and financial risk) and growth aspirations (vendors seeking to maximise growth prospects for expanded product lines by an increased distribution reach).

Key events in 2017

There were a number of important events for our business in 2017. We have continued to reap the benefits of our admission to AIM in 2016, including:

- Enhancing the Group's public profile and status with vendors and customers;
- Ensuring stability as a result of independent ownership as a public company, which the directors considered will be beneficial to employees, vendors and customers;
- Assisting in the incentivisation and retention of key management and employees;
- Providing the Group with access to the capital markets as necessary in the future;
- Providing long-term liquidity in the Company's shares; and
- Providing selling shareholders with an opportunity to realise a portion of their long-term investment in the Group and allowing the Company to secure a more diverse shareholder base.

In 2017, we continued to build our international network, with acquisitions of Earpro S.A. ("Earpro") and Gebroeders van Domburg B.V. ("van Domburg").

Earpro is a value-added distributor of audio, video and lighting solutions in Spain and Portugal. The company was acquired in March 2017 and it has a notable heritage in the solution driven professional audio market where the business operates with mid to high end specialist brands.

Van Domburg was acquired in September 2017, and is a market leading specialist distributor of audio visual and lighting solutions in the Netherlands. It has particular strength in the large format display market, with a developing interactive and technical product offering. Through its transport division, Van Domburg also has in-house warehousing and transportation capabilities based out of Rotterdam, a major logistics centre.

In December 2017, our audio and lighting expertise was further enhanced by the acquisition of UK distributor Sound Technology Limited ("Sound Technology"). Sound Technology is a specialist distributor focused on three technology categories – audio, musical instruments and lighting. The Company is based in Letchworth Garden City and has a strong trading history in the professional audio and musical instrument markets where the business operates with mid to high end, specialist brands.

During the course of 2017, our central office function continued to evolve, with a number of appointments designed to support our acquisition and integration capabilities, and also to ensure that we manage the growing legal and regulatory requirements of the business.

Operational review

The Group operates on a geographical basis with entities in the relevant jurisdiction to service the local market.

UK and Ireland

The UK and Ireland segment is our most established division. We improved turnover by 14.9% in the year (2016: 11.5%), helped by the full year effect of the acquisition of Holdan Limited ("Holdan") in the prior year and assisted slightly by the acquisition of Sound Technology in December 2017. Underlying revenue growth (excluding the effects of acquisitions in the current and prior year) was 5.6% (2016: 6.1%). Continued revenue decline in the document solutions product set was compensated for by an improvement in the core audio visual business.

The displays product set (comprising principally large format, LED and interactive displays, and televisions) grew significantly. The strongest growth was achieved in the interactive display business, helped by the full year impact of sales of the SMART brand, launched in 2016.

France

After more challenging market conditions in the first half of 2017 in France, Sidev continued to build upon its prior year success with a full-year revenue increase of 17.2% (2016: 39.3%) to £39.2 million (2016: £33.4 million). A significant proportion of the sales growth was in large format displays, where we also experienced improved gross margins. Sidev's higher margin technical product sales also improved significantly in the year. Overall, the Company improved its gross margin percentage by 0.7%. The adjusted operating profit margin remained stable at 3.2% for the year (2016: 3.2%), with adjusted operating profit of £1.2 million (2016: £1.1 million) representing a 16.6% increase on prior year.

Germany
In Germany, Kern & Stelly ("K&S") performed very strongly, with revenue growth of 44.8% (2016: 26.0%) to £93.1 million (2016: £64.3 million). In local currency, the business exceeded the €100 million sales landmark – a major achievement for a business founded just 13 years ago. Although sales of technical products are increasing strongly, K&S continues to grow its mainstream projector and large format displays businesses – products where price competition is high in the German market. As a result, the overall gross margin percentage reduced by 2.1% to 11.1%. A relatively lean overhead cost model ensured that adjusted operating profit improved by 21.7% (2016: 34.5%) to £4.7 million (2016: £3.9 million).

Australasia
Midwich Australia achieved a 25.7% (2016: 42.8%) growth in sales from £25.5 million to £32.1 million. Much of this growth was achieved in technical product categories, with the result that the gross margin percentage increased in the year. Adjusted operating profit in Australasia increased by 60.8% (2016: 124.5%) from £1.6 million to £2.6 million.

Rest of Europe
The acquisition of Earpro and van Domburg established the Group's presence on the Iberian Peninsula and within Benelux respectively. Combined revenues from these entities amounted to £24.0 million.

Product offering
The Group distributes and provides technical support for a comprehensive range of technologies. The range of products varies across the geographies with the UK and Ireland offering the largest suite of product options.

Technologies
The Displays category is the largest technology category for the Group, accounting for 43.4% of Group turnover in 2017 (2016: 42.5%). It grew 30.3% (2016: 28.8%) in the year, with strong growth in France and the UK and Ireland, and particularly impressive growth in Germany. Displays is a significant product category for two of the companies acquired in the year – Earpro (Iberia) and van Domburg (Benelux), which between them accounted for 6.1% of the 30.3% growth in this category.

Projection represents 22.1% of Group turnover (2016: 23.9%) and grew 17.5% (2016: 9.4%) in the year, thanks mainly to double digit growth in Germany and France.

Sales of Technical products which include the Audio, Broadcast and Technical Commercial and Technical Consumer AV categories, rose 80.5% (2016: 52.2%), partly due to the acquisition of Holdan in 2016 and Earpro in 2017. Technical product sales grew strongly in all other territories. Technical products constituted 20.5% of Group sales in the year (2016: 14.5%).

As expected, Group sales of Document Solutions products (Printers, scanners and consumables) declined in absolute and relative terms. This category (which is only sold in the UK and Ireland) now represents 6.8% of Group revenue (2016: 11.5%) with revenues declining by 25% (2016: 13.4%) in the year.

Overview of Group acquisition strategy
The Group's growth strategy has and continues to be both organic and inorganic. Our success in sourcing, executing and integrating our chosen acquisitions underpins this growth strategy. The Group takes a disciplined approach to acquisitions, seeking to add capital value without an adverse impact on the existing business. We have a strong ongoing pipeline of opportunities.

Our overall strategy focuses on:

- technology, product and vendor selection in established markets, in order to maximise the value we can add to customers;
- gaining profitable market share in developing markets; and
- identifying profitable new markets (whether geographical, customer or technology) which the Group can enter, either through acquisition or through a new start-up.

Outlook

We continue to see exciting growth opportunities across all of our markets and geographies driven by increasing demand from end users as well as continued innovation and new products from our manufacturer partners. There is also a continuing trend toward the use and need for high quality distributors such as Midwich to support the professional audio visual and document solutions market. As a result, we continue to exploit a significant number of organic growth opportunities from targeting new vendors while continuing to grow our customer base.

We are pursuing inorganic growth opportunities that would fit within our strategic acquisition criteria of adding new product ranges, capabilities or geographies to our existing portfolio.

The Board is continuing to pursue its established strategy, and is pleased with the progress made during 2017. Trading in the first few months of 2018 has built on the good growth achieved in the prior year giving the Board confidence in delivering results in 2018 in line with its expectations.

Stephen Fenby
Managing Director
Financial Review

Trading results

Turnover increased by 27.5% to £471.9 million (2016: £370.1 million). The gross profit margin rose 0.2% (2016: 0.4%) to 15.5% (2016: 15.3%). The increase in turnover and gross profit margin for the Group generated absolute growth in gross profit of £16.7 million (2016: £9.5 million). This translated into adjusted operating profit of £25.0 million (2016: £18.5 million). The £6.5 million (2016: £3.4 million) additional operating profit was an increase of 35.1% (2016: 22.2%) year on year. Operating profit before adjustments grew from £14.5 million to £20.8 million.

As in 2016, 2017's figures benefitted from further weakness in sterling, especially in the first half of the year, boosting our overseas earnings. On a constant currency basis growth in turnover was 24.2% (2016: 15.1%) and growth in adjusted profit after tax was 26.4% (2016: 20.0%).

Segmental review

Each of the trading segments performed strongly.

UK & Ireland

£million	**Year to 31 December 2017**	Year to 31 December 2016
Revenue	**283.7**	247.0
Adjusted operating profit	**15.0**	12.0

The UK and Ireland segment revenue grew 14.9% (2016: 11.5%) to £283.7 million (2016: £247.0 million) generating gross profit of £45.8 million (2016: £39.3 million) at a gross profit margin of 16.2% (2016: 15.9%). This resulted in an adjusted operating profit of £15.0 million (2016: £12.0 million), an increase of 25.0% (2016: 9.1%) on the prior year. Organic revenue growth excluding the effects of acquisitions in the current and prior period was 5.6% (2016: 6.0%).

Germany

£million	**Year to 31 December 2017**	Year to 31 December 2016
Revenue	**93.0**	64.3
Adjusted operating profit	**4.7**	3.9

The German segment revenue grew 44.8% (2016: 26.0%) to £93.0 million (2016: £64.3 million) generating gross profit of £10.4 million (2016: £8.5 million) at a gross profit margin of 11.1% (2016: 13.2%) leading to an adjusted operating profit of £4.7 million (2016: £3.9 million) that has increased 21.7% (2016: 34.5%) on the prior year. In constant currency, revenue grew by 35.6% (2016: 18.0%) and adjusted operating profit grew 14.0% (2016: 26.0%).

France

£million	**Year to 31 December 2017**	Year to 31 December 2016
Revenue	**39.2**	33.4
Adjusted operating profit	**1.2**	1.1

The French segment revenue grew 17.2% to £39.2 million (2016: £33.4 million) generating gross profit of £5.6 million (2016: £4.5 million) at a gross profit margin of 14.2% (2016: 13.5%). This has resulted in an adjusted operating profit of £1.2 million (2016: £1.1 million), an increase of 16.6% (2016: 103.7%) on the prior year. In constant currency, revenue grew by 9.3% (2016: 30.0%) and adjusted operating profit grew 9.2% (2016: 91.0%).

Australasia

£million	**Year to 31 December 2017**	Year to 31 December 2016
Revenue	**32.1**	25.5
Adjusted operating profit	**2.6**	1.6

The Australasian segment revenue grew 25.7% (2016: 43.0%) to £32.1 million (2016: £25.5 million) generating gross profit of £5.7 million (2016: £4.1 million) at a gross profit margin of 17.7% (2016: 16.2%) leading to an adjusted operating profit of £2.6 million (2016: £1.6 million) that has increased 60.8% (2016: 124.5%) on the prior year. In constant currency, revenue grew by 17.4% (2016: 34.0%) and adjusted operating profit grew 50.0% (2016 111.0%).

Rest of Europe

£million	**Period from 27 March 2017 to 31 December 2017**	Year to 31 December 2016
Revenue	**24.0**	-
Adjusted operating profit	**1.5**	-

The Rest of Europe segment, consisting of Iberia and Benelux, achieved revenue of £24.0 million since the acquisition of Earpro and van Domburg during the year, generating gross profit of £5.7 million at a gross profit margin of 23.8% leading to an adjusted operating profit of £1.5 million.

Profit before tax

Profit before tax for the year increased by 56.2% (2016: 41.4%) to £18.9 million (2016: £12.1 million), while adjusted profit before tax increased by 35.7% (2016: 22.8%) to £24.3 million (2016: £17.9 million).

Tax

The effective current tax rate was 23.2% in 2017, representing a small increase on 2016 (22.7%). In France, the Group’s business Sidev was subject to a full year of corporate tax charges. In 2016 Sidev benefitted from use of residual accumulated tax losses.

Earnings per share

Basic earnings per share is calculated on the total profit of the Group attributable to shareholders. Basic EPS for the year was 17.1p (2016: 10.9p), representing growth of 56.3% (2016: 52.9%). Diluted EPS was 17.0p (2016: 10.9p).

Dividend

The Board has recommended a final dividend of 9.65p per share (2016: 7.09p) which, together with the interim dividend of 4.17p paid in October 2017 gives a final dividend of 13.82p for 2017 (2016: 8.62p). If approved by shareholders at the general meeting, the final dividend will be paid on 22 June 2018 to those shareholders on the register on 25 May 2018.

Cash flow

£million	**Year to 31 December 2017**	Year to 31 December 2016
Adjusted operating profit	**25.0**	18.5
Add back depreciation	**1.8**	1.3
Adjusted EBITDA	**26.8**	19.8
Increase in stocks	**(7.2)**	(8.4)
Increase in debtors	**(12.0)**	(5.9)
Increase in creditors	**14.7**	3.3
Adjusted cash flow from operations	**22.3**	8.8
EBITDA cash conversion	***83.4%***	*44.5%*

The Group's adjusted operating cash flow conversion, calculated comparing adjusted cash flow from operations with adjusted EBITDA, increased to 83.4% compared to 44.5% for the prior year. The performance for the current year was more in line with the long term average for the Group and reflected a strong performance across the majority of the Group entities.

Gross capital spend was £3.1 million (2016: £2.3 million). Rental assets accounted for £2.2 million (2016: £0.7 million) of this spend. Capital expenditure on plant and equipment was £0.9m (2016: £0.8m). In 2016 Holdan incurred £0.8m acquiring the freehold of its new site.

Net debt

At 31 December 2017, the Group had net debt of £22.3 million (2016: £15.0 million). The Group has a strong balance sheet with closing net debt/EBITDA ratio of just 0.8x (2016: 0.8x). This, combined with the Group's underlying cash generation, equips the Group well to fund short term swings in working capital as the Group delivers organic growth as well as to continue its buy and build strategy where appropriate opportunities arise. Year-end borrowings of £50.5 million (2016: £35.2 million) compare to facilities totalling £73.3 million (2016: £55.2 million) at that date.

Goodwill and intangible assets

The Group's goodwill and intangible assets of £31.4 million (2016: £23.4 million) arise from the various acquisitions undertaken. Each year the Board reviews goodwill for impairment and, as at 31 December 2017, the Board believes there are no indications of impairment. The intangible assets arising from business combinations – for exclusive supplier contracts, customer relationships and brands – are amortised over an appropriate period.

Adjustments to reported results

	2017 £000	**2016 £000**
Operating profit	**20,809**	**14,487**
IPO and acquisition costs	336	1,300
Share based payments	551	75
Employer taxes on share based payments	118	-
Amortisation	3,230	2,680
Adjusted operating profit	**25,044**	**18,542**
Profit before tax	**18,898**	**12,102**
IPO and acquisition costs	336	1,300
Share based payments	551	75
Employer taxes on share based payments	118	-
Amortisation	3,230	2,680

Finance costs – deferred and contingent consideration	(81)	-
Finance costs – put option	1,257	1,729
Finance costs – interest on loan notes and preference shares	-	26
Adjusted profit before tax	**24,309**	**17,912**
Profit after tax	**13,979**	**8,560**
IPO and acquisition costs	336	1,300
Share based payments	551	75
Employer taxes on share based payments	118	-
Amortisation	3,230	2,680
Finance costs – deferred and contingent consideration	(81)	-
Finance costs – put option	1,257	1,729
Finance costs – interest on loan notes and preference shares	-	26
Tax impact – at 20% / 20.25%	(726)	(5)
Adjusted profit after tax	**18,664**	**14,365**
Profit after tax	**13,979**	**8,560**
Non-controlling interest	422	344
Profit after tax attributable to owners of the Parent Company	**13,557**	**8,216**
Number of shares for EPS	79,448,200	75,247,380
Reported EPS – pence	**17.06**	**10.92**
Adjusted EPS – pence	**22.86**	**18.63**

The directors present adjusted operating profit, adjusted profit before tax, and adjusted profit after tax as alternative performance measures in order to provide relevant information relating to the performance of the Group. Adjusted profits are a reflection of the underlying trading profit and are important measures used by directors for assessing Group performance.

Principal risks

Dependence on key personnel
The Group is dependent upon key senior management personnel who have extensive experience and knowledge of the Group, the Group's markets, product and service offering, vendor portfolio and customer base. The successful delivery of the Group's strategy depends on the continuing availability of senior management and the Group's ability to attract, motivate and retain other qualified employees.

The Group actively measures the retention of talent within the business, actively engages with employees by focusing on training and development and conducts an annual assessment of remuneration packages to ensure market position is maintained. In addition, the Group has adopted share plans to align the interests of senior management and the broader employee workforce with those of Shareholders.

Expected benefits from acquisitions may not be realised
The Group intends to continue executing its strategy of entering new jurisdictions through carefully targeted acquisitions. The Group also intends to pursue targeted acquisitions in its current markets in order to bolster product offerings and sector penetration, increase scale and to gain access into new market segments.

Acquisitions give rise to inherent execution and integration risk. The process of integration may produce unforeseen operating difficulties and expenditures, and may absorb significant attention of the Group's management. They also may involve unforeseen liabilities, difficulties in realising costs or revenues, loss of key employees and customer relationship issues. A poorly implemented acquisition could damage the Group's reputation, brand and financial position.

The Group only enters into acquisitions after a thorough due diligence exercise which will involve a detailed review of operational resource, financial trends and forecasts, as well as a thorough analysis of the target's compliance record. Numerous personal visits to the target will take place in order to establish the viability of accommodating it and its senior management into the Group. The structure of most acquisitions will involve a significant financial incentive for departing shareholders to perform toward certain financial targets in the first three years after acquisition in order to maximize their disposal value.

Loss of key customers

Most of the Group's customers contract with the Group on a deal by deal basis with no formal ongoing purchasing commitment. As such they have a voluntary right to terminate their contractual relationships with the Group without notice or penalties. There is therefore a lack of certainty in respect of the retention of existing customers who may elect not to continue contracting with the Group.

The Group does have a very large customer base of around 13,000 AV integrators and IT resellers many of whom have long term relationships with it. The diversity of the Group's customer base is demonstrated by the fact that that no customer accounted for more than 2.0% (2016: 2.4%) of overall Group revenues for the year ended 31 December 2017. By providing a best in class service in terms of stock availability, logistics and credit capacity, the Group intends to continue to keep our customer base satisfied.

Loss of key vendors

There is no formal ongoing contractual commitment to the Group by the majority of vendors. As such they have a right to terminate their contractual relationships with the Group without notice or penalties. In addition, certain vendors provide the Group with incentives in the form of rebates, marketing developments funds, early payment discounts and price protections which enable the Group to manage profitability. There can be no assurance that the Group will continue to receive the same level of income in future.

Many of the Group's vendor relationships are long term, established and now cover a number of territories. By bringing projects to our vendors and enabling them to fulfil their market share aspirations the Group will continue to maintain strong relationships with its vendors.

Regulatory risk

The Group is subject to an increasingly complex regulatory environment. A failure to follow regulatory laws, orders and codes of practice requirements will expose the Group to regulatory sanction and subsequent reputational damage.

The Group has defined policy statements which articulate the protocols adopted to minimise the risk of a breach. Staff training takes place on a regular basis to ensure behavioural alignment with these policies. Acquired businesses are subject to a post acquisition onboarding process which includes improvement of compliance protocols where necessary. The Board are regularly updated on compliance matters. This includes a full review across the Group on an annual basis.

Consolidated income statement for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Revenue		471,937	370,142
Cost of sales		(398,810)	(313,681)
Gross profit		73,127	56,461
Distribution costs		(45,679)	(35,520)

	Notes		
Total administrative expenses		(9,470)	(9,234)
Other operating income		2,831	2,780
Operating profit	3	20,809	14,487
Comprising			
Adjusted operating profit		25,044	18,542
Costs of flotation		-	(1,041)
Costs of acquisitions		(336)	(259)
Share based payments		(551)	(75)
Employer taxes on share based payments		(118)	-
Amortisation		(3,230)	(2,680)
		20,809	14,487
Finance income		5	1
Finance costs	4	(1,916)	(2,386)
Profit before taxation		18,898	12,102
Taxation		(4,919)	(3,542)
Profit after taxation		13,979	8,560
Profit for the financial year attributable to:			
The Company's equity shareholders		13,557	8,216
Non-controlling interest		422	344
		13,979	8,560
Basic earnings per share	5	17.06p	10.92p
Diluted earnings per share	5	17.00p	10.91p

Consolidated statement of comprehensive income for the year ended 31 December 2017

	2017 £'000	2016 £'000
Profit for the financial year	13,979	8,560
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss:		
Foreign exchange gains on consolidation	974	1,707
Other comprehensive income for the financial year, net of tax	974	1,707
Total comprehensive income for the year	14,953	10,267
Attributable to:		
Owners of the Parent Company	14,531	9,923
Non-controlling interests	422	344
	14,953	10,267

Consolidated statement of financial position as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Assets			

	Note		
Non-current assets			
Goodwill		9,094	4,557
Intangible assets		22,310	18,820
Property, plant and equipment		7,692	5,035
Deferred tax assets		387	-
		39,483	28,412
Current assets			
Inventories		62,984	48,142
Trade and other receivables		76,361	52,545
Cash and cash equivalents		28,203	20,164
		167,548	120,851
Current liabilities			
Trade and other payables		(84,617)	(58,234)
Derivative financial instruments		(93)	-
Put option liabilities		-	(698)
Deferred consideration		(4,841)	(1,554)
Borrowings and financial liabilities	6	(50,176)	(35,196)
Current tax		(2,873)	(2,062)
		(142,600)	(97,744)
Net current assets		24,948	23,107
Total assets less current liabilities		64,431	51,519
Non-current liabilities			
Trade and other payables		(181)	-
Put option liabilities		(5,195)	(1,441)
Deferred consideration		(1,197)	(72)
Borrowings and financial liabilities	6	(321)	-
Deferred tax liabilities		(4,445)	(3,414)
		(11,339)	(4,927)
Net assets		53,092	46,592
Equity			
Share capital	8	794	794
Share premium		25,855	25,855
Share based payment reserve		751	84
Investment in own shares		(5)	(5)
Retained earnings		24,331	19,765
Translation reserve		1,691	717
Put option reserve		(3,638)	(1,770)
Capital redemption reserve		50	50
Other reserve		150	150
Equity attributable to owners of the Parent Company		49,979	45,640
Non-controlling interests		3,113	952
Total equity		53,092	46,592

Consolidated statement of changes in equity for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Investment in own shares £'000	Share based payment reserve £'000	Retained earnings £'000	Translation reserve £'000	Put option reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Equity attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
Balance at 1 January 2017	794	25,855	(5)	84	19,765	717	(1,770)	50	150	45,640	952	46,592
Profit for the year	-	-	-	-	13,557	-	-	-	-	13,557	422	13,979
Other comprehensive income	-	-	-	-	-	974	-	-	-	974	-	974
Total comprehensive	-	-	-	-	13,557	974	-	-	-	14,531	422	14,953

	Share capital £'000	Share premium £'000	Investment in own shares £'000	Share based payment reserve £'000	Retained earnings £'000	Translation reserve £'000	Put option reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Equity attributable to owners of the parent £'000	Non-controlling interests £'000	Total £'000
income for the year												
Acquisition of non-controlling interest (note 9)	-	-	-	-	(79)	-	681	-	-	602	(602)	-
Share based payments	-	-	-	551	-	-	-	-	-	551	-	551
Deferred tax on share based payments	-	-	-	116	-	-	-	-	-	116	-	116
Acquisition of subsidiary (note 10)	-	-	-	-	-	-	(2,549)	-	-	(2,549)	2,341	(208)
Dividends paid	-	-	-	-	(8,912)	-	-	-	-	(8,912)	-	(8,912)
Balance at 31 December 2017	794	25,855	(5)	751	24,331	1,691	(3,638)	50	150	49,979	3,113	53,092

For the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Investment in own shares £'000	Share based payment reserve £'000	Retained earnings £'000	Translation reserve £'000	Put option reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Equity attributable to owners of the parent £'000	Non-controlling interests £'000	Total £'000
Balance at 1 January 2016	1,398	-	(1,000)	-	8,652	(990)	(1,735)	50	1,145	7,520	4,858	12,378
Profit for the year	-	-	-	-	8,216	-	-	-	-	8,216	344	8,560
Other comprehensive income	-	-	-	-	-	1,707	-	-	-	1,707	-	1,707
Total comprehensive income for the year	-	-	-	-	8,216	1,707	-	-	-	9,923	344	10,267
Bonus share issue*	663	-	(5)	-	(663)	-	-	-	5	-	-	-
Share capital reduction*	(1,392)	-	1,000	-	1,392	-	-	-	(1,000)	-	-	-
Issue of shares*	125	26,647	-	-	-	-	-	-	-	26,772	-	26,772
Costs of share issue*	-	(792)	-	-	-	-	-	-	-	(792)	-	(792)
Acquisition of non-controlling interest (note 9)	-	-	-	-	3,378	-	1,735	-	-	5,113	(5,113)	-
Share based payments	-	-	-	75	-	-	-	-	-	75	-	75
Deferred tax on share based payments	-	-	-	9	-	-	-	-	-	9	-	9
Acquisition of subsidiary (note 10)	-	-	-	-	-	-	(1,770)	-	-	(1,770)	863	(907)
Dividends paid	-	-	-	-	(1,210)	-	-	-	-	(1,210)	-	(1,210)
Balance at 31 December 2016	794	25,855	(5)	84	19,765	717	(1,770)	50	150	45,640	952	46,592

*See note 8

Consolidated statement of cash flows for the year ended 31 December 2017

	2017 £'000	**2016 £'000**
Cash flows from operating activities		
Profit before tax	18,898	12,102
Depreciation	1,793	1,229
Amortisation	3,230	2,680
(Gain)/loss on disposal of assets	(21)	183
Share based payments	551	75
Foreign exchange losses	156	216
Finance income	(5)	(1)
Finance costs	1,916	2,386
Adjusted profit from operations before changes in working capital	26,518	18,870
Increase in inventories	(7,217)	(8,447)
Increase in trade and other receivables	(11,954)	(5,887)
Increase in trade and other payables	14,724	3,367
Cash inflow from operations	22,071	7,903
Income tax paid	(4,784)	(4,281)
Net cash inflow from operating activities	17,287	3,622
Cash flows from investing activities		
Acquisition of businesses	(9,108)	(3,276)
Deferred consideration paid	(1,511)	(11)

Cash acquired within business combination	2,854	367
Purchase of intangible assets	(48)	(186)
Purchase of plant and equipment	(3,064)	(2,278)
Proceeds on disposal of plant and equipment	528	546
Interest received	5	1
Net cash used in investing activities	(10,344)	(4,837)
Net cash flows from financing activities		
Acquisition of non-controlling interest	(751)	(7,454)
Issue of shares net of issue costs	-	25,980
Dividends paid	(8,912)	(1,210)
Invoice financing inflows	5,673	256
Issue of loan to related party	-	(212)
Repayment received of related party loan	-	212
Repayment of loans	(26)	(13,696)
Interest paid	(647)	(657)
Interest on finance leases	(4)	(16)
Capital element of finance lease payments	(121)	(527)
Net cash (outflow) / inflow from financing activities	(4,788)	2,676
Net increase in cash and cash equivalents	2,155	1,461
Cash and cash equivalents at beginning of financial year	17,201	14,351
Exchange gain on cash and cash equivalents	654	1,389
Cash and cash equivalents at end of financial year	20,010	17,201
Comprising:		
Cash at bank	28,203	20,164
Bank overdrafts	(8,193)	(2,963)
	20,010	17,201

Notes to the consolidated financial statements

1. Accounting policies

General information and nature of operations

The principal activity of Midwich Group plc, a public limited liability company, and its subsidiary companies is the distribution of Audio Visual and Document Solutions to trade customers. It is registered in England and Wales. Midwich Group plc’s shares are listed on the London Stock Exchange’s Alternative Investment Market (AIM).

Basis of preparation

The consolidated financial statements of Midwich Group plc (“the Group”) have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the EU, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

IFRS is subject to amendment and interpretation by the IASB and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 December 2017.

The financial statements have been prepared under the historical cost convention as modified for financial instruments at fair value and in accordance with applicable accounting standards.

The directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation
The Consolidated Financial Statements incorporate the results of Midwich Group plc ("the Company") and entities controlled by the Company (its subsidiaries).

A subsidiary is a Company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns.

Income and expenses of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of control. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Parent Company.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination.

Non-controlling interests are measured initially at fair value.
Acquisition-related costs are expensed as incurred.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Acquisition of interests from non-controlling shareholders
Acquisitions of non-controlling interests in subsidiaries are accounted for as transactions between shareholders. There is no re-measurement to fair value of net assets acquired that were previously attributable to non-controlling shareholders.

Going concern
The Board takes all reasonable steps to review and consider any factors that may affect the ability of the Group to continue as a going concern. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to generate sufficient liquidity to continue in operational existence for the foreseeable future. At the end of 2017 the directors considered the working capital of the business to be adequate for its needs, and the Group therefore continues to adopt the going concern basis in preparing consolidated financial statements.

Revenue
Revenue comprises amounts recognised in respect of goods and services supplied during the period, excluding of sales taxes, trade discounts, customer rebates, and provisions for returns.

The majority of revenue arises from the sale of goods and is recognised when goods are despatched, which is when the customer obtains control over the goods and the substantial risks and rewards transfer to the customer. Revenue from the rental of products is recognised evenly over the rental period. Revenue from ancillary services includes the provision of support services, transport, warranties, and repairs. Revenue from the provision of ancillary services is recognised over the period in which the service is delivered.

Supplier income and vendor rebates
Promotional income is recognised on completion of the promotional activity in-line with when it is contractually earned, and recorded separately in other operating income. Vendor rebates are recognised on completion of the contractual obligation and recorded within cost of sales.

Finance income and costs
Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

Dividends on preference shares classified as debt are included as finance costs.

Other finance costs include the changes in fair value of financial derivatives and other financial instruments measured at fair value through profit or loss.

Goodwill
Goodwill represents the future economic benefits arising from business combinations which are not individually identified and separately recognised.

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

Intangible assets other than goodwill
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of other intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in administrative expenses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised

Amortisation is calculated on a straight-line basis over the estimate useful life of the asset as follows:

Patent licences	5 years
Software	3 years
Brands	10 years
Customer relationships	5-10 years
Exclusive supplier contracts	5-10 years

Property, plant and equipment
Property, plant and equipment are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent

costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the income statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated on a straight-line basis as follows:

Freehold land and buildings	50 years
Leasehold improvements	Period of the lease
Plant and equipment (including rental assets)	3-5 years

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the income statement.

Impairment of non-financial assets including goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the Group that independent cash flows are monitored. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

At each balance sheet date, the directors review the carrying amounts of the Group's non-current assets, other than goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss on other non-financial assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the income statement immediately.

Inventory
Inventory is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Some goods are held on behalf of customers and are not included within the Group's inventory.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception.

Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Derivative financial instruments are accounted for at fair value through profit or loss. All changes in an instrument's fair value are included in finance costs or finance income. The fair values are determined by reference to active markets or using a valuation technique where no active market exists.

Put options to acquire non-controlling interests of subsidiaries are initially recognised at present value and subsequently measured at amortised cost, being the present value of future payments discounted at the original effective interest rate. Details of the measurement of put options are given in the critical accounting judgements and key sources of estimation uncertainty accounting policy.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
The Group classifies its financial assets as 'loans and receivables' and assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities
The Group's financial liabilities include trade and other payables, deferred consideration, borrowings, derivative financial instruments and put option liabilities.

Borrowings include amounts advanced under invoice discounting facilities. Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities.

Preference shares not held by the employee benefit trust are classified as a financial liability, with fixed rate dividends accounted for as interest.

Trade and other payables and borrowings are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method ("EIR" method).

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

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Foreign currency
The presentation currency for the Group's consolidated financial statements is Sterling. Foreign currency transactions by group companies are recorded in their functional currencies at the exchange rate at the date of the transaction. Monetary assets and liabilities have been translated at rates in effect at the balance sheet date, with any exchange adjustments being charged or credited to the income statement, within "administrative expenses".

The Parent Company's functional currency is Sterling. On consolidation the assets and liabilities of the subsidiaries with a functional currency other than Sterling are translated into the Group's presentational currency at the exchange rate at the balance sheet date and the income and expenditure account items are translated at the average rate for the period. The exchange difference arising on the translation from functional currency to presentational currency of subsidiaries is classified as other comprehensive income and is accumulated within equity as a translation reserve.

The balance of the foreign currency translation reserve relating to a subsidiary that is disposed of, or partially disposed of, is recognised in the income statement at the time of disposal.

Current taxation
Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using UK and foreign tax rates and laws that have been enacted or substantively enacted by the end of reporting period date.

Deferred taxation
Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

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

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

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

Employment benefits
Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries, including non-monetary benefit and annual leave obliged to be settled within 12 months of the balance sheet date, are recognised in accruals.

Contributions to defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The interest element of finance lease payments is charged to profit or loss as finance costs over the period of the lease. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.
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, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Equity
Equity comprises the following:

- “Share capital” represents the nominal value of equity shares issued.
- “Share premium” represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- “Investment in own shares” represents amounts of the Parent Company’s own shares held within an Employee Benefit Trust.
- “Share based payment reserve” represents the accumulated value of share-based payments expensed in the income statement.
- “Retained earnings” represents the accumulated profits and losses attributable to equity shareholders.
- “Translation reserve” represents the exchange differences arising from the translation of the financial statements of subsidiaries into the Group’s presentational currency.
- “Put option reserve” represents the initial present value of written put and call options over shares in a subsidiary held by non-controlling interest shareholders accounted for as contracts over own shares.
- “Capital redemption reserve” represents the nominal value of shares repurchased by the Parent Company.
- “Other reserve” relates to the Employee Benefit Trust.
- “Non-controlling interest” represents the share of a subsidiary’s profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent and the non-controlling interests based on their respective ownership interests.

Share-based payments
Equity-settled share-based payments to employees and directors are measured at the fair value of the equity instrument. The fair value of the equity-settled transactions with employees and directors is recognised as an expense over the vesting period. The fair value of the equity instruments are determined at the date of grant, taking into account market based vesting conditions. The fair value of goods and services received are measured by reference to the fair value of options.

The fair values of share options are measured using the Black Scholes model. The expected life used in the models is adjusted, based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees (or other beneficiaries) become fully entitled to the award ("the vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.
Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where an equity-settled award is forfeited, the cumulative charge expensed up to the date of forfeiture is credited to the income statement.

Employee Benefit Trust
The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Group and Company financial statements. Any assets held by the EBT cease to be recognised on the group balance sheet when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the EBT are shown as a deduction within shareholders' equity. The proceeds from the sale of own shares are recognised in shareholders' equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the income statement.

Segment reporting
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker has been identified as the Managing Director, at which level strategic decisions are made.

Details of the Group's reporting segments are provided in note 2.

New and amended International Financial Reporting Standards adopted by the Group
The Group has adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

New/Revised International Financial Reporting Standards	Effective Date: Annual periods beginning on or after:	EU adopted	Impact on the Group

Annual Improvements to IFRSs (2014 -2016 Cycle)	1 January 2017	Yes	These Amendments clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards

International Financial Reporting Standards in issue but not yet effective
At the date of authorisation of the consolidated financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group.

Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these consolidated financial statements, the following may have an impact going forward:

New/Revised International Financial Reporting Standards	Effective date: Annual periods beginning on or after:	EU adopted	Impact on the Group[1]
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018	Yes	Classification and measurement of financial instruments
IFRS 15 Revenue from Contracts with Customers	1 January 2018	Yes	Recognition of revenue
IFRS 16 Leases	1 January 2019	Yes	Measurement and recognition of leases

[1]Based on the current business model and accounting policies, management does not expect material impact on the financial information when the standards become effective, with the exception of IFRS 16. The Group has undertaken a review of the impact of both IFRS 15 and IFRS 16.

Impact of IFRS 15
The Group does not expect any transition adjustment in respect of IFRS 15 as the key principles have already been adhered to within the current revenue recognition policy.

Impact of IFRS 16
The Group expects a transition adjustment in respect of IFRS 16. The transition adjustment will recognise right of use tangible fixed assets and finance lease liabilities. The Group is reviewing the transition options in relation to adopting IFRS 16.

Accounting judgements and sources of estimation uncertainty
The preparation of financial statements in accordance with the principles of the IFRSs requires the directors to make judgements and use estimation techniques in order to provide a fair presentation of the Group's financial position and performance.

Accounting judgements represent the decisions faced by the directors that carry a significant risk of reporting a materially different performance or position for the Group. Sources of estimation uncertainty relate to assumptions made by management that carry significant risks of a material adjustment to the value of assets and liabilities within the next financial year.

Judgements and estimates are evaluated based on historic experience, on-going developments within the Group, and reasonable expectations of future events. Judgements and estimates are subject to regular review by the directors.

The following are the significant accounting judgements made by the Group in preparing the financial statements:

Symmetrical put and call options
As a result of a some of the acquisitions the Group has issued a number of symmetrical put and call options over non-controlling interests held by local management.

The liability is recorded at the present value of the redemption amount and is accounted for as a separate component in equity on the basis that the directors have judged that the Group does not currently hold the risks and rewards associated with ownership of these shares. The key judgements in determining whether the risks and rewards regarding control have passed were the proportionate right to dividends and determining if there is exposure to changes in value of shares. The accounting policy discloses the subsequent re-measurement of these options.

The following are the significant sources of estimation uncertainty facing the Group in preparing the financial statements:

Aged inventory provisions
Aged inventory provisions are recognised in order to record inventory at the lower of cost and net realisable value. In order to determine aged inventory provisions the Group is required to estimate the future sales volumes, sales prices, costs to sell inventory, and shrinkage.

Fair value of separately identifiable intangible assets in business combinations
The Group is required to calculate the fair value of identifiable assets and liabilities acquired in business combinations. In order to estimate the fair value of separately identifiable assets in business combinations assumptions must be made about future trading performance, royalty rates, customer attrition rates, and supplier contract renewal rates. The fair values of assets and liabilities acquired in business combinations are disclosed in note 10.

Contingent considerations and put option liabilities
The Group is required to record contingent considerations at fair value and put option liabilities are initially measured at present value and subsequently measured at amortised cost using the effective interest rate method. The Group use a range of present valuation techniques including both the discount rate adjustment technique and the expected present value technique in order to determine the fair values of contingent considerations and the present values of put option liabilities.

2. Segmental reporting

Operating segments
For the purposes of segmental reporting, the Group's Chief Operating Decision Maker ("CODM") is the Managing Director. The Group is a distributor of audio visual hardware and document solutions to trade customers. The Board reviews attributable revenue, expenses, assets and liabilities by geographic region and makes decisions about resources and assesses performance based on this information.

The Group's operating segments are therefore considered geographic in nature and align to subsidiaries / subsidiary groups.

2017	**UK & Ireland £'000**	**France £'000**	**Australasia £'000**	**Germany £'000**	**Rest of Europe £'000**	**Total £'000**
Revenue	283,712	39,163	32,062	93,049	23,951	471,937
Gross profit	**45,830**	**5,563**	**5,660**	**10,365**	**5,709**	**73,127**
Gross profit %	16.2%	14.2%	17.7%	11.1%	23.8%	15.5%
Adjusted operating profit	**14,998**	**1,234**	**2,576**	**4,723**	**1,513**	**25,044**
Costs of acquisitions	(336)	-	-	-	-	(336)
Share based payments	(359)	(14)	(50)	(128)	-	(551)
Employer taxes on share based payments	(67)	(10)	-	(41)	-	(118)

Amortisation	(2,450)	(32)	(50)	(405)	(293)	(3,230)
Operating profit	**11,786**	**1,178**	**2,476**	**4,149**	**1,220**	**20,809**
Interest						1,911
Profit before tax						**18,898**

Other segmental information

2017	**UK & Ireland £'000**	**France £'000**	**Australasia £'000**	**Germany £'000**	**Rest of Europe £'000**	**Total £'000**
Segment assets	122,239	14,984	11,162	31,607	26,651	206,643
Segment liabilities	(108,072)	(12,759)	(6,632)	(15,000)	(11,088)	(153,551)
Segment net assets	**14,167**	**2,225**	**4,530**	**16,607**	**15,563**	**53,092**
Depreciation	1,281	158	127	51	176	1,793

Other segmental information	**UK £'000**	**International £'000**	**Total £'000**
Non-current assets	24,808	14,287	39,095

2016	**UK & Ireland £'000**	**France £'000**	**Australasia £'000**	**Germany £'000**	**Total £'000**
Revenue	246,972	33,414	25,498	64,258	370,142
Gross profit	**39,319**	**4,526**	**4,121**	**8,495**	**56,461**
Gross profit %	15.9%	13.5%	16.2%	13.2%	15.3%
Adjusted operating profit	**12,001**	**1,059**	**1,601**	**3,881**	**18,542**
Costs of flotation	(1,041)	-	-	-	(1,041)
Costs of acquisitions	(247)	-	(12)	-	(259)
Share based payments	(75)	-	-	-	(75)
Amortisation	(2,230)	(33)	(27)	(390)	(2,680)
Operating profit	**8,408**	**1,026**	**1,562**	**3,491**	**14,487**
Interest					(2,385)
Profit before tax					**12,102**
Other segmental information					
Segment assets	109,614	11,303	8,712	19,634	149,263
Segment liabilities	(80,498)	(9,878)	(5,747)	(6,548)	(102,671)
Segment net assets	**29,116**	**1,425**	**2,965**	**13,086**	**46,592**
Depreciation	(967)	(106)	(121)	(35)	(1,229)

Other segmental information	**UK £'000**	**International £'000**	**Total £'000**
Non-current assets	22,129	6,283	28,412

Revenue from the UK, being the domicile of the Parent Company amounted to £264,514k (2016: £230,524k).

Segment revenues above are generated from external customers. The accounting policies of the reportable segments have been consistently applied. Segment profit represents the operating profit by each segment after amortisation of intangibles arising on consolidation.

Intersegment sales during the year were as follows:

2017

£'000			**Selling segment:**		
Buying segment:	**UK & Ireland**	**France**	**Australasia**	**Germany**	**Rest of Europe**
UK & Ireland	-	294	-	-	-
France	77	-	-	91	-
Australasia	-	-	-	-	-
Germany	57	43	-	-	-
Rest of Europe	67	-	-	-	-

2016

£'000		**Selling segment:**		
Buying segment:	**UK & Ireland**	**France**	**Australasia**	**Germany**
UK & Ireland	-	371	-	-
France	222	-	-	-
Australasia	-	-	-	-
Germany	150	-	-	-

Information about major customers

Included in revenues arising in 2017 are revenues of £9.3m (2016: £8.9m) that arose from sales to the Group's largest customer, which is based in Germany. No other single customers contributed 10% or more to the Group's revenue in any period presented.

3. Administrative expenses

Administrative expenses in the period include £336k of acquisition related costs (£259k in 2016). For details of acquisitions in the year see note 10.

4. Finance costs

	2017 £'000	**2016 £'000**
Interest on overdraft and invoice discounting	666	604
Interest on finance leases	4	27
Dividend on preference shares treated as borrowings	-	(14)
Interest on other loans	70	40
Interest, foreign exchange & other finance costs of deferred and contingent considerations	(81)	-
Interest, foreign exchange & other finance costs of put option liabilities	1,257	1,729
	1,916	2,386

5. Earnings per share

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

Diluted earnings per share is calculated by dividing the profit after tax attributable to equity shareholders of the Company adjusted for the fair value (measured in accordance with IFRS 2) of any goods or services to be supplied to the Group in the future under the share options granted by the balance sheet date by the weighted average number of shares in issue during the year adjusted for the effects of all dilutive potential ordinary shares.

	2017	**2016**
Profit attributable to equity holders of the Group (£'000)	13,577	8,216
Weighted average number of shares in issue[1]	79,448,200	75,247,380
Potentially dilutive effect of the Group's share option schemes	305,464	93,852
Weighted average number of diluted ordinary shares	79,753,664	75,341,232
Basic earnings per share	17.06p	10.92p
Diluted earnings per share	17.00p	10.91p

[1]The weighted average number of shares for the purpose of earnings per share has been based on the assumed number of shares as if the bonus issue on 6 May 2016 had occurred at the beginning of the earliest period presented.

6. Borrowings

	2017 £'000	**2016 £'000**
Secured – at amortised cost		
- Bank overdrafts and invoice discounting	49,727	34,874
- Bank loans	236	257
- Finance leases	369	65
	50,332	35,196
Unsecured – at amortised cost		
- Unsecured loan notes	165	-
Total secured and unsecured borrowings	50,497	35,196
Current	50,176	35,196
Non-current	321	-
	50,497	35,196

Summary of borrowing arrangements:
The Group has invoice discounting facilities which comprised £41,534k at the end of 2017 (2016: £31,911k). The facilities comprise fully revolving receivables financing agreements secured on the underlying receivables that revolves on a monthly basis and have no fixed repayment date. Included within these facilities in 2017 are invoice discounting facilities acquired as part of the acquisition of Gebroeders van Domburg B.V and Sound Technology Limited, which had a liability at 31 December 2017 of £2.4m.

The Group has an overdraft facility which comprised £8.2m at the end of 2017 (2016 £3.0m). The facility is uncommitted and secured with fixed and floating charges over the assets of the Group.

As part of the acquisition of van Domburg acquisition the Group acquired loans and finance leases which had a liability at 31 December 2017 of £0.2m and £0.4m respectively.

Reconciliation of liabilities arising from financing activities

	Long term borrowings £'000	Short term borrowings £'000	Finance leases £'000	Total £'000
At 1 January 2017	-	35,131	65	35,196
Cash flows:				
(Repaid)/advanced	(5)	10,882	(125)	10,752
Non-cash:				
Acquisitions	170	3,950	360	4,480
Additions	-	-	69	69
	165	49,963	369	50,497

7. Financial instrument risk exposure and management

The Group's operations expose it to degrees of financial risk that include liquidity risk, credit risk, interest rate risk, and foreign currency risk.

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them.

Credit risk

The Group's credit risk is primarily attributable to its cash balances and trade receivables. The Group does not have a significant concentration of risk, with exposure spread over a number of third parties. The risk is further mitigated by insurance of the trade receivables.

The credit risk on liquid funds is limited because the third parties are large international banks with a credit rating of at least A.

The Group's total credit risk amounts to the total of the sum of the trade receivables and cash and cash equivalents. At 31 December 2017 total credit risk amounted to £101,528k (2016: £70,833k).

Interest rate risk

The interest on borrowings, being an overdraft and invoice discounting facilities with HSBC Bank plc, a loan and invoice discounting facility with Barclays Bank PLC, an invoice discount facility with Lloyds Bank Commercial Finance Ltd, and an invoice discounting facility with Coöperatieve Rabobank U.A., is variable. Based on year end balances a 1% increase in interest rates would impact profit and equity by £0.5m (2016: £0.4m).

The interest received on the cash held on deposit is immaterial.

Foreign exchange risk

The Group is largely able to manage its exchange rate risk through the natural matching of payments and receipts denominated in the same currencies. Any exposure tends to be on the payment side and is mainly in relation to the Sterling strength relative to the Euro or US Dollar. This transactional risk is considered manageable as the proportion of Group procurement that is not sourced in local currency is small. However, on occasions the Group does buy foreign currency forward to mitigate this risk.

The Group does hold material non-domestic balances on occasions and currently does not take any action to mitigate this risk. Inter-company balances between trading entities tend to be short term and repaid within the month. The Group is able to manage its exchange rate risk through the natural matching of payments and receipts denominated in the same currencies.

The Group reports in Pounds Sterling (GBP) but has significant revenues and costs as well as assets and liabilities that are denominated in Euros (EUR) and Australia Dollars (AUD). The table below sets out the prevailing exchange rates in the periods reported.

Exchange rates

	Annual average		**Year end**	
	2017	**2016**	**2017**	**2016**
EUR/GBP	1.145	1.222	1.126	1.180
AUD/GBP	1.688	1.814	1.725	1.690
NZD/GBP	1.814	1.875	1.895	1.763

The positive / (negative) impact of changes in the key exchange rates from 2016 to 2017 are summarised as follows:

Currency	**EUR £000**	**AUD £000**	**NZD £000**
Impact on revenues	7,687	1,786	55
Impact on profit before tax	415	106	2
Impact on net debt	214	37	-

The following table illustrates the sensitivity of the reported profit before tax and equity for 2017 to material exchange rate movements in the pound relative to the Euro, Australian dollar and New Zealand dollar.

It assumes a +/- 10% change in GBP relative to the average and closing rates for these currencies employed in 2016.

If the GBP had strengthened against the above currencies by 10%, the impact, in GBP terms, on the 2017 financial statements would have been:

2017	**EUR £'000**	**AUD £'000**	**NZD £'000**
Profit before tax	(1,309)	(346)	(7)
Equity	(3,423)	(248)	(14)

If the GBP had weakened against the above currencies by 10%, the impact, in GBP terms, on the 2017 financial statements would have been:

2017	**EUR £'000**	**AUD £'000**	**NZD £'000**
Profit before tax	270	53	7
Equity	1,282	426	15

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due, and ensuring adequate working capital using bank borrowing arrangements.

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its liability payments as they fall due.

The tables below show the undiscounted cash flows on the Group's financial liabilities as at 31 December 2017 and 2016, on the basis of their earliest possible contractual maturity:

At 31 December 2017

	Total £'000	Within 2 months £'000	Within 2 -6 months £'000	Between 6 – 12 months £'000	Between 1-2 years £'000	After than 2 years £'000
Trade payables	66,117	54,510	11,262	345	-	-
Other payables	486	486	-	-	-	-
Derivative financial instruments	93	93	-	-	-	-
Put option liabilities	5,461	-	-	-	1,684	3,777
Finance lease payables	369	101	45	67	104	52
Accruals	8,673	7,502	695	295	67	114
Bank overdrafts, loans & invoice discounting	50,128	49,933	12	18	165	-
Deferred & contingent consideration	6,038	-	4,841	-	1,197	-
	137,365	**112,625**	**16,855**	**725**	**3,217**	**3,943**

At 31 December 2016

	Total £'000	Within 2 months £'000	Within 2 -6 months £'000	6 – 12 months £'000	1-2 years £'000	Greater than 2 years £'000
Trade payables	46,034	45,909	125	-	-	-
Other payables	565	565	-	-	-	-
Put option liabilities	2,625	-	-	750	-	1,875
Finance lease payables	65	22	43	-	-	-
Accruals	5,232	5,232	-	-	-	-
Bank overdrafts, loans & invoice discounting	35,131	35,131	-	-	-	-
Deferred & contingent consideration	1,626	11	22	1,521	44	28
	91,278	86,870	190	2,271	44	1,903

8. Share capital

The total allotted share capital of the Parent Company is:

Allotted, issued and fully paid

	2017 Number	2017 £'000	2016 Number	2016 £'000
Issued and fully paid ordinary Shares of £0.01 each				

At 1 January	79,448,200	794	79,448,200	794
At 31 December	79,448,200	794	79,448,200	794

There were no share transactions effected during the current year.

Share transactions effected during the prior year (see notes below):
Number of shares

	Opening 1 January 2016	Issue of B1 Ordinary shares*	Buy back of B5 Ordinary shares 4 February	Share capital reduction 13 April	Redemption of Preference shares 22 April	Write down of Preference, B3 and B5 shares 29 April	Re-designation to Ordinary shares 6 May	Bonus share issue 6 May	Issue of Ordinary shares 6 May	Closing 31 December 2016
Ordinary shares of £0.01	-	-	-	-	-	-	669,482	66,278,718	12,500,000	79,448,200
Ordinary shares of £1	396,000	-	-	-	-	-	(396,000)	-	-	-
Preference shares of £1	4,123,746	-	-	-	(3,123,746)	(995,193)	(4,807)	-	-	-
A Ordinary shares of £0.01	52,500	-	-	-	-	-	(52,500)	-	-	-
B1 Ordinary shares of £0.01	174,474	36,450	-	-	-	-	(210,924)	-	-	-
B2 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B3 Ordinary shares of £0.01	7,179	-	-	-	-	(4,331)	(2,848)	-	-	-
B4 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B5 Ordinary shares of £0.01	14,358		(7,179)	-	-	(4,776)	(2,403)	-	-	-
	4,768,257	36,450	(7,179)	-	(3,123,746)	(1,004,300)	-	66,278,718	12,500,000	79,448,200

Nominal value of shares

£'000	Opening 1 January 2016	Issue of B1 Ordinary shares*	Buy back of B5 Ordinary shares 4 February	Share capital reduction 13 April	Redemption of Preference shares 22 April	Write down of Preference, B3 and B5 shares 29 April	Re-designation to Ordinary shares 6 May	Bonus share issue 6 May	Issue of Ordinary shares 6 May	Closing 31 December 2016
Ordinary shares of £0.01	-	-	-	-	-	-	6	663	125	794
Ordinary shares of £1	396	-	-	(392)	-	-	(4)	-	-	-
Preference shares of £1	4,124	-	-	(990)	(3,124)	(10)	(0)	-	-	-
A Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B1 Ordinary shares of £0.01	2	-	-	-	-	-	(2)	-	-	-
B2 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B3 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B4 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
B5 Ordinary shares of £0.01	-	-	-	-	-	-	-	-	-	-
	4,522	-	-	(1,382)	(3,124)	(10)	-	663	125	794

* Issue of B1 Ordinary shares took place on the following dates at a price of £21.20 per share:

13 January	10,000
18 January	20,000
4 February	3,700
10 March	2,750

36,450

Notes on share capital movements

As explained further in the admission document, the following share capital changes (as illustrated in the above tables) took place during the prior period:

1. Issue of B1 Ordinary shares at £21.20 per share as noted above, creating share premium of £772,000.
2. Buy back of 7,179 B5 Ordinary shares on 4 February 2016 for cancellation at par value.
3. Share capital reduction on 13 April 2016, reducing the equity Preference share capital and Ordinary share capital from £1.00 per share nominal value to £0.01 per share nominal value.
4. Redemption of Preference shares classified as a financial liability on 22 April 2016, settling the financial liability in full.
5. Re-designation of the Preference shares', B3 shares' and B5 shares' percentages on 29 April 2016, and subsequently re-designation of these as Deferred shares, pursuant to which these Deferred shares were transferred in favour of the Company for nil consideration and then cancelled.
6. Re-designation of all remaining categories of shares as £0.01 Ordinary shares on 6 May 2016.
7. Bonus share issue on 6 May 2016 in the proportion of 99 Ordinary shares for each existing Ordinary share.
8. Placing of new shares on 6 May 2016 (date of admission to the AIM Market) at £2.08 per share, creating share premium of £25,875,000 less issue costs of £792,000.

All reductions in value of existing share capital have created additional distributable reserves which have been recorded in retained earnings. The bonus issue of ordinary shares has used some of the additional distributable reserves created by the preceding share capital reductions.

Employee benefit trust

The Group's employee benefit trust was allocated 480,700 ordinary shares in 2016. As at 31 December 2017 239,000 of these shares were distributed to the SIP trust, leaving 241,700 ordinary shares in the employee benefit trust as at 31 December 2017 (2016: 344,700).

9. Acquisition of non-controlling interest

On 3 October 2017, the Group acquired 10.5% of the 21% non-controlling interest in Holdan Limited, which had a value of £602k, for a consideration of £750k. £681k of the put option reserve was transferred to the retained earnings when this element of the put option was extinguished.

On 6 May 2016, the Group acquired the 49% non-controlling interest in Kern & Stelly GmbH, which had a value of £5,113k, for consideration of £7,454k. £1,735k of the put option reserve was transferred to retained earnings when the put option was extinguished.

10. Business combinations

Acquisitions have been completed by the Group to increase scale, broaden its addressable market and widen the product offering.

Subsidiaries acquired:

Acquisition	Principal activity	Date of acquisition	Proportion acquired (%)	Fair value of consideration £'000
Earpro[1]	Distribution of audio visual and lighting products to trade customers.	27 March 2017	88.5%	8,311
van Domburg[1]	Distribution of audio visual and lighting products to trade customers.	6 September 2017	70%	2,942

Sound Technology[1]	Distribution of professional audio, musical and lighting products to trade customers	30 November 2017	100%	3,858
Holdan[2]	Distribution of professional broadcast equipment to trade customers.	7 September 2016	79%	4,499
Wired[2,3]	Distribution of audio visual products to trade customers.	22 August 2016	N/A	414

[1] Acquired during the year
[2] Acquired during the prior year
[3] Purchase of trade and assets

2017 acquisitions

Fair value of consideration transferred:

2017	Earpro £'000	van Domburg £'000	Sound Technology £'000
Cash	4,987	1,522	2,600
Deferred consideration	3,324	-	1,258
Deferred contingent consideration	-	1,420	-
Total	8,311	2,942	3,858

Acquisition costs of £81K in relation to the acquisition of Earpro, £164k in relation to the acquisition of van Domburg, £84k in relation to the acquisition of Sound Technology and £7k in relation to the prior year acquisition of Holdan were expensed to the income statement during the year ended 31 December 2017.

On acquisition of Earpro and van Domburg the Group recognised £1,033k and £1,516k in relation to the initial present value of the put option liabilities to acquire the remaining non-controlling interest in each acquisition.

Fair value of acquisitions

2017	Earpro £'000	van Domburg £'000	Sound Technology £'000
Non-current assets			
Goodwill	1,009	2,667	851
Intangible assets - customer relationships	740	2,178	-
Intangible assets – supplier exclusivity	1,488	-	1,553
Intangible assets – trade name	104	158	153
Intangible assets – other	58	-	52
Plant and equipment	66	1,765	28
	3,465	6,768	2,637
Current assets			
Inventories	2,053	2,878	2,694
Trade and other receivables	4,003	3,526	4,132
Cash and cash equivalents	3,172	-	65
Current tax	-	-	6
	9,228	6,404	6,897
Current liabilities			
Trade and other payables	(2,723)	(5,334)	(3,655)
Derivative financial instruments	-	-	(128)

Borrowings and financial liabilities	-	(2,877)	(1,617)
Current tax	-	(4)	-
	(2,723)	(8,215)	(5,400)
Non-current liabilities			
Borrowings	-	(170)	-
Deferred tax	(579)	(584)	(276)
	(579)	(754)	(276)
Non-controlling interests	(1,080)	(1,261)	-
Fair value of net assets acquired attributable to equity shareholders of the Parent Company	8,311	2,942	3,858

Goodwill acquired in 2017 relates to workforce, synergies and sales know how. Goodwill arising on the Earpro acquisition has been allocated to the Rest of Europe operating segment, goodwill arising on the van Domburg acquisition has been allocated to the Rest of Europe operating segment and goodwill arising on the Sound Technology acquisition has been allocated to the United Kingdom and Ireland operating segment.

Gross contractual amounts of trade and other receivables acquired were £14,271k (2016: £3,951k), with bad debt provision of £2,610k (2016: £nil).

Net cash outflow on acquisition of subsidiaries

	Earpro	**van Domburg**	**Sound Technology**
	£'000	**£'000**	**£'000**
Consideration paid in cash	4,987	1,522	2,600
Plus: overdraft borrowings	-	200	-
Less: cash and cash equivalent balances acquired	(2,989)	-	(65)
Net cash outflow	1,998	1,722	2,535

Post-acquisition contribution

Acquired subsidiaries made the following contributions to the Group's results for the year in which they were acquired, from their respective acquisition dates:

2017

	Earpro	**van Domburg**	**Sound Technology**
	£'000	**£'000**	**£'000**
Date acquired	27 March	6 September	30 November
Post-acquisition contribution to Group revenue	15,081	8,870	1,901
Post-acquisition contribution to Group profit after tax	1,103	174	61

Proforma full year contribution

Acquired subsidiaries would have made the following contributions to the Group's results for the year in which they were acquired if they were acquired on 1 January 2017:

	Earpro	**van Domburg**	**Sound Technology**
	£'000	**£'000**	**£'000**

Full year revenue[1]	20,530	26,600	21,497
Full accounting period profit after tax[1]	1,388	456	637

If the acquisitions had occurred on 1 January 2017, revenue of the Group for the year would have been £514,712k and profit after tax for the year would have been £14,840k.

[1]These amounts have been calculated using the results of subsidiaries and adjusting them for differences between the accounting policies and Generally Accepted Accounting Principles applicable to the subsidiaries and the accounting policies and IFRS reporting requirements of the Group. The translation adjustments to modify the reported results of the subsidiaries have been applied as if the Group's accounting policies and IFRS reporting requirements had always been applied. The translation adjustment includes the additional depreciation and amortisation charges relating to the fair value adjustments to property, plant and equipment and intangible assets assuming the fair values recognised on acquisition were valid on 1 January 2017, together with the consequential tax effects.

2016 acquisitions

Fair value of consideration transferred

2016	**Holdan £'000**	**Wired £'000**
Cash	3,000	276
Deferred contingent consideration	-	138
Deferred consideration payable within 1 year	1,499	-
Total	4,499	414

Acquisition costs of £116k were expensed to the income statement in relation to the acquisition of Holdan Limited and costs of £12k were expensed in relation to the acquisition of the trade and assets of Wired Limited during the year ended 31 December 2016.

On acquisition of Holdan the Group recognised £1,770k in relation to the initial present value of the put option liability to acquire the remaining non-controlling interest of Holdan.

2016	**Holdan £'000**	**Wired £'000**
Non-current assets		
Goodwill	1,254	-
Intangible assets - customer relationships	917	-
Intangible assets – supplier exclusivity	566	290
Plant and equipment	967	15
	3,704	305
Current assets		
Inventories	1,775	71
Trade and other receivables	3,774	177
Cash and cash equivalents	367	-
	5,916	248
Current liabilities		
Trade and other payables	(2,103)	(139)
Current tax	(375)	-
	(2,478)	(139)

Non-current liabilities		
Borrowings	(1,483)	-
Deferred tax	(297)	-
	(1,780)	-
Non-controlling interests	(863)	-
Fair value of net assets acquired attributable to equity shareholders of the Parent	4,499	414

Goodwill acquired in 2016 relates to workforce, synergies and sales know how. Goodwill arising on the acquisition of Holdan Limited has been allocated to the UK and Ireland operating segment.

Gross contractual amounts of trade and other receivables acquired were £3,951,000, with bad debt provision of £nil.

Net cash outflow on acquisition of subsidiaries

	Holdan £'000	**Wired £'000**
Consideration paid in cash	3,000	276
Deferred consideration paid in cash	-	11
Less: cash and cash equivalent balances acquired	(367)	-
Net cash outflow	2,633	287

Post-acquisition contribution

Acquired subsidiaries made the following contributions to the Group's results for the year in which they were acquired, from their respective acquisition dates:

7 September 2016 to 31 December 2016	**Holdan £'000**
Post-acquisition contribution to Group revenue	9,728
Post-acquisition contribution to Group profit after tax	420

Proforma full year contribution

Acquired subsidiaries would have made the following contributions to the Group's results for the year in which they were acquired if they were acquired on 1 January 2016:

	Holdan £'000
Full year revenue[1]	26,630
Full accounting period profit after tax[1]	998

If Holdan Limited had been acquired on 1 January 2016, revenue of the Group for the prior year would have been £387,044k and profit for the prior year would have been £9,138k.

[1]These amounts have been calculated using the results of subsidiaries and adjusting them for differences between the accounting policies and Generally Accepted Accounting Principles applicable to the subsidiaries and the accounting policies and IFRS reporting requirements of the Group. The translation adjustments to modify the reported results of the subsidiaries have been applied as if the Group's accounting policies and IFRS reporting requirements had always been applied. The translation adjustment includes the additional depreciation and amortisation charges relating to the fair value adjustments to property, plant and equipment

and intangible assets assuming the fair values recognised on acquisition were valid on 1 January 2016, together with the consequential tax effects.

11. Related party transactions

Transactions and outstanding balances between the Group companies have been eliminated on consolidation.

Key management personnel are identified as the executive and non-executive directors, and their remuneration is disclosed as follows:

	2017 £'000	2016 £'000
Remuneration of key management		
Remuneration	804	638
Social security costs	80	73
Company pension contributions to defined contributions scheme	20	21
	904	732

No directors were party to either the LTIP or the SIP share based payment schemes.

Dividends on ordinary shares were paid to key management as follows:

	2017 £'000	2016 £'000
Mr A M G Bailey	359	49
Mr S B Fenby	2,513	341
Mr M Ashley	-	-
Mr A C Herbert	2	-
	2,874	390

Related party borrowings transactions are as follows:

All related party loan transactions are presented on a contractual basis.

Preference shares

	Shareholder Mr S Fenby[1] £'000
Principal	
At 1 January 2016	3,124
Shares redeemed	(3,124)
At 31 December 2016	-
At 31 December 2017	-

	£'000
Interest (being preference dividend)	
At 1 January 2016	34
Interest accrued	15
Interest paid	(49)
At 31 December 2016	-
At 31 December 2017	-

Other Loans

	Mr A M G Bailey[1] £'000	Mrs J Fenby[2] £'000
Principal		
At 1 January 2016	-	3,700
Loans issued	(212)	-
Loans repaid	212	(3,700)
At 31 December 2016	-	-
At 31 December 2017	-	-

	£'000	£'000
Interest		
At 1 January 2016	-	57
Interest accrued	-	40
Interest paid	-	(97)
At 31 December 2016	-	-
At 31 December 2017	-	-

[1] director
[2] employee

Related party share transactions are as follows:

£29,706 of preference share interest payable to the EBT was waived on 6th May 2016.

12. Dividends

The Company paid dividends in the year of £8,912k (2016: £1,210k), equating to 11.26 (2016: 1.53) pence per share.

The Board has recommended a final dividend of 9.65 pence per share (2016: 7.09 pence) which, if approved will be paid on 22 June 2018 to shareholders on the register on 25 May 2018. With the interim dividend declared in September 2017, this represents a total dividend for the year to 31 December 2017 of 13.82 pence per share (2016: 8.62 pence).