Robert Walters plc
ANNUAL REPORT AND ACCOUNTS
2009

Registered number 3956083

ROBERT WALTERS

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ABOUT ROBERT WALTERS

Robert Walters is one of the world's leading professional recruitment consultancies, specialising in the placement of permanent, contract and temporary positions across all levels of seniority.

The Group recruits in the accounting, finance, banking, IT, human resources, legal, sales and marketing, supply chain and procurement, secretarial and support disciplines.

With international offices spanning five continents, our global footprint enables us to meet the demands of clients and candidates whose needs extend beyond local markets, whilst our strong local foundations provide us with unique insights into local industry and culture.

2000
10 YEARS OF GROWTH AND INVESTMENT

UK
represented
62%
of Group net fee income

ASIA PACIFIC
represented
26%
of Group net fee income

EUROPE
represented
9%
of Group net fee income

USA & SOUTH AFRICA
represented
3%
of Group net fee income

IN 2000, THE GROUP HAD 23 OFFICES SPANNING 13 COUNTRIES.

2009 LEAVING US WELL PLACED FOR THE FUTURE.

UK
represented
32%
of Group net fee income

ASIA PACIFIC
represented
41%
of Group net fee income

EUROPE
represented
25%
of Group net fee income

USA & SOUTH AFRICA
represented
2%
of Group net fee income

TODAY, THE GROUP HAS 37 OFFICES SPANNING 17 COUNTRIES.

CHAIRMAN'S STATEMENT

Despite the challenging economic environment that prevailed across the globe during 2009, the Group delivered a creditable performance in very difficult conditions, and I would like to take this opportunity, on behalf of the Board, to thank all Robert Walters staff for their hard work, continued commitment and loyalty

Results

Revenue decreased by 11% to £300 4m (2008 £337 3m) and gross profit ('net fee income') by 25% (31% in constant currency) to £104 4m (2008 £138 6m) Operating profit decreased to £1 6m (£1 6m in constant currency) (2008 £18 6m) whilst profit before taxation fell to £1 3m (2008 £18 2m) The Group maintained a strong cash position with net cash of £17 3m as at 31 December 2009 (2008 £22 2m)

In response to some of the toughest trading conditions experienced in the Group's history, action was taken to manage the cost base, principally by reducing headcount by 19% to 1,269 (2008 1,571) As expected, our contract business proved more resilient than our permanent business and at the year-end had generated 40% of the Group's recruitment net fee income (2008 35%)

The first half of the year was marked by a significant decline in hiring activity right across the globe Signs of market stabilisation did, however, emerge early in the second half of the year, driven by increases in permanent hiring activity, particularly in the financial services sector and Asia Pacific As a result, we began selectively hiring to take advantage of these opportunities

The Group now generates 68% (2008 67%) of its net fee income from outside of the UK and has 37 offices in 17 countries

The Board is recommending maintaining the final dividend at 3 35p per share (2008 3 35p), which together with the interim dividend of 1 40p per share represents a total dividend of 4 75p per share (2008 4 75p) The Board will be seeking shareholder approval for the renewal of the authority to repurchase shares of up to 10% of the Group's issued share capital at the Annual General Meeting on 21 May 2010

Strategy

Our strategy has been to streamline our business through sensible cost reductions and strong cash management We have also taken steps to ensure that we retain the best talent Most significantly though, the Group has successfully maintained its global presence and has not withdrawn from any markets in which it operates As one of the leading global recruiters, with an internationally recognised brand, this has enabled the Group to grow its market share We are now well placed to capitalise further as the global economy recovers

The Group will continue to invest in areas where it sees the most opportunity We have identified Latin America as a key new market and will be opening an office in Sao Paulo We will also be building on our established position in Asia and Europe

Philip Aiken
Chairman
3 March 2010

"MOST SIGNIFICANTLY, THE GROUP HAS SUCCESSFULLY MAINTAINED ITS GLOBAL PRESENCE AND HAS NOT WITHDRAWN FROM ANY MARKETS IN WHICH IT OPERATES."

"CLIENTS HAVE CONTINUED TO GRAVITATE TOWARDS LARGE INTERNATIONAL RECRUITMENT BRANDS WITH THE ABILITY TO PROVIDE SPECIALIST RECRUITMENT SOLUTIONS ON A GLOBAL AND LOCAL SCALE."

CHIEF EXECUTIVE'S STATEMENT

Introduction
Dunng the year, we controlled our costs and managed our cash, in the face of a global downturn that was unprecedented In June, we took the decision not to reduce headcount any further, nor to withdraw from any of our markets This has enabled us to maintain a strong international presence and we are now well positioned to take advantage of any improvements in trading conditions

Clients have continued to gravitate towards large international recruitment brands, such as Robert Walters, with the ability to provide specialist recruitment solutions on both a global and local scale The ability of the Group to also provide a full spectrum of complementary offerings such as recruitment process outsourcing, payroll, candidate assessments and reference checking has also been a significant competitive advantage

Review of Operations
Asia Pacific (41% of net fee income)
Revenue was £122 5m (2008 £137 1m) and net fee income decreased by 26% (36% in constant currency) to £43 0m (2008 £58 1m) producing an operating profit of £3 3m (£3 2m in constant currency) (2008 £12 3m)

Whilst trading conditions across the region were particularly difficult during the first half, markets stabilised and recovered towards the end of the year All of our operations increased net fee income and profitability during the second half, with particularly strong performances delivered in Australia, Singapore, Malaysia and mainland China The dates of the expiry of lease agreements in Tokyo and Hong Kong enabled the Group to consolidate its operations in both cities into single office locations

The Group is widely recognised as one of the leading specialist professional recruitment businesses in Asia With the region expected to continue to lead the world's markets out of recession, the Group will invest in developing both existing and new markets and is well positioned to grow both net fee income and profitability

UK (32% of net fee income)
Revenue was £116 5m (2008 £133 2m) and net fee income decreased by 26% to £33 8m (2008 £45 4m) producing an operating loss of £0 8m (2008 profit of £1 9m)

Despite an increase in hiring activity in the financial services sector during the second half, market conditions remained generally weak across all sectors and disciplines Resource Solutions, our recruitment process outsourcing business, proved the exception, successfully growing the scope of services delivered to existing clients and securing a number of new accounts

Our contract divisions continued to provide some hedge against the decline in permanent hiring and our regional UK offices showed a degree of resilience with a relatively modest decline in net fee income

With visibility limited, the outlook for the UK market remains uncertain

Europe (25% of net fee income)
Revenue was £59 4m (2008 £64 9m) and net fee income decreased by 22% (31% in constant currency) to £25 6m (2008 £33 0m) producing an operating loss of £0 7m (£0 6m in constant currency) (2008 profit of £4 5m)

Net fee income levels across the region stabilised in the second half of the year, after a decline during the first half France was the region's strongest performer, benefiting from the investment made in the Walters Interim business over the last four years We continued to invest in Walters Interim, opening a second office in Belgium

CHIEF EXECUTIVE'S STATEMENT

CONTINUED/

during the first half The Group also opened an office in Zurich, our first in Switzerland

Whilst some markets in Europe have stabilised, the timing of a sustained recovery across the region is difficult to predict

USA and South Africa (2% of net fee income)
Revenue was £2 0m (2008 £2 1m) and net fee income decreased by 8% (22% in constant currency) to £2 0m (2008 £2 1m) producing an operating loss of £0 2m (£0 2m in constant currency) (2008 £0 1m)

Our office in Johannesburg benefited from a market shortage of high calibre candidates and delivered an increase in both net fee income and operating profit Our New York office increased net fee income during the second half of the year as the local market began to stabilise, but still returned a small loss for the year

Current Trading & Outlook
Net fee income for January and February is ahead of the equivalent period in 2009

The Group's balance sheet remains strong and we have emerged from last year as a stronger, leaner business We are selectively hiring, we are investing in those regions where growth prospects are most evident, and we are actively assessing opportunities to grow our coverage in existing markets

Robert Walters
Chief Executive
3 March 2010

"WE ARE SELECTIVELY HIRING, INVESTING IN THOSE REGIONS WHERE GROWTH PROSPECTS ARE MOST EVIDENT AND ACTIVELY ASSESSING OPPORTUNITIES TO GROW OUR COVERAGE IN EXISTING MARKETS."

"THE GROUP'S INTERNATIONALLY RECOGNISED BRAND AND STRONG BALANCE SHEET HAS ENABLED IT TO GROW MARKET SHARE IN 2009."

OPERATING AND FINANCIAL REVIEW

Principal activities and objectives
The Group's principal activity comprises the provision of professional recruitment services on a permanent and contract basis in the United Kingdom, Europe, Asia Pacific, USA and South Africa, to clients in the financial, commercial and industrial sectors Our activities also include recruitment process outsourcing services

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 11 to the accounts

The Group's primary objective is to be one of the world's leading specialist professional recruitment consultancies We plan to achieve this through the growth of existing businesses and profitable expansion into both new geographical areas and professional disciplines Critical success factors are considered to be an increase in the depth and calibre of the management team, as well as the continued development of the brand, particularly through the delivery of high quality service to both clients and candidates

Future outlook
The Group's internationally recognised brand and strong balance sheet has enabled it to grow market share during 2009 During 2010, the Group plans to capitalise on its position, selectively investing in new disciplines and territories

Risks and uncertainties
The Board considers the full range of business risks affecting the Group on a regular basis, and takes action to address such risks The perceived key risks are as follows

(i) Employment market
Job availability and the level of candidate confidence in the employment market are important factors in determining the total number of recruitment transactions in a given year Candidates are less inclined to move jobs when the number of jobs available is stagnant or in decline and, consequently, the recent global economic downturn has resulted in a negative impact on the Group's financial performance

The Board's strategy when facing a slowdown in a particular market is to balance the cost base, such that the impact on profit is mitigated, against the perceived future benefit from the retention of key staff Historically, the Group has benefited substantially from increased operational gearing as a result of its policy of deliberately retaining key staff through economic downturns

(ii) Temporary labour law
The Group places a significant number of candidates on temporary worker self-employed contracts Any future legislation which has the effect of increasing the cost or restricting the flexibility of movement of temporary workers could have a detrimental effect on the Group's financial performance

(iii) Staff retention
The Group's profitability in discrete operating units continues to have a high correlation to the retention of efficient and effective members of staff

The long-term incentive schemes that are detailed in note 18 to the accounts remain a key part of a wider strategy to improve levels of staff retention, particularly of the Group's senior employees

Other elements of the strategy to improve staff retention and maximise career opportunities include significant investment of time and financial resources in employee training and development, aimed at core consultant competencies and focused on enhancing management potential

The Group also offers exciting international career opportunities and actively encourages the redeployment of existing talent to grow new businesses and establish new offices

Revenue
Revenue for the Group is the total income from the placement of permanent and contract staff and therefore includes the remuneration costs of contract candidates and the total cost of advertising recharged to clients It also includes outsourcing fees, consultancy fees and the net income derived from payrolling contracts charged by Resource Solutions to its clients

Revenue decreased 11% to £300 4m (2008 £337 3m) with 52 8% (2008 49 7%) of the annual total being generated in the second half of the year

The Group continues to focus on consultant productivity, hiring selectively in the areas of the business where recruitment activity levels are increasing

Gross profit (net fee income)
Net fee income is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and the margin from advertising It also includes the outsourcing, consultancy and payrolling margins earned by Resource Solutions

Net fee income for the year decreased by 25% to £104 4m (2008 £138 6m) Net fee income was £54 4m in the second half compared to £50 0m in the first half (2008 1H £71 7m, 2H £66 9m) The annual decrease in net fee income was primarily due to net fee income from permanent placements declining during the year

Operating profit
Administrative expenses were £102 8m (2008 £119 9m) The principal reason for this decrease was the reduction in the Group's average headcount from 1,636 during 2008 to 1,313 in 2009

The conversion rate of operating profit from net fee income has decreased to

OPERATING AND FINANCIAL REVIEW

CONTINUED/

1 5% (2008 13 5%) and reflects a lower level of placements in a more difficult trading environment and a relatively high degree of operational gearing

Interest and financing costs
The Group incurred a net interest charge for the year of £0 1m (2008 £0 3m) In March 2008, the Group drew down a loan equivalent to £1 4m to finance the acquisition of Talent Spotter This renminbi denominated loan is secured by cash deposits in Hong Kong and is repayable in installments over four years In addition, the Group entered into a £10 0m three-year committed financing facility in the year At 31 December 2009, £0 9m was drawn down under this facility More details are provided in note 14 to the accounts

A foreign exchange loss of £0 1m arose during the year on translation of the Group's intercompany trading accounts and external borrowings (2008 £0 2m)

Taxation
The tax charge in 2009 was £1 1m (2008 £6 0m) which gives an effective rate of 81 7% (2008 32 8%)

The tax rate is higher than the standard UK rate of 28% due to the disproportionate impact of adjustments to accounting profit in the tax calculation In 2008, the adjustment of £0 8m increased the effective rate by 4 3% to 32 8%, but in 2009 as the profit before taxation was £1 3m a similar level of adjustment of £0 7m increased the tax rate by 53 7% to 81 7%

Earnings per share
Basic earnings per share were 0 3p (2008 17 2p) and the weighted average number of shares for the year was 70 3m (2008 70 9m)

Dividend and dividend policy
A final dividend of 3 35p (2008 3 35p) per ordinary share is being proposed by the Board Together with the interim dividend of 1 40p (2008 1 40p) per ordinary share paid in October 2009, the total dividend per share would amount to 4 75p (2008 4 75p) The final dividend, which amounts to £2 3m, will be paid on 18 June 2010 to those shareholders on the register as at 28 May 2010

Balance sheet
The Group had net assets of £53 3m at 31 December 2009 (2008 £59 7m) including goodwill of £7 8m (2008 £7 9m) The decrease in the Group's net assets of £6 4m is mostly accounted for by share buy-backs of £3 5m and dividends paid of £3 3m

Cash flow and net cash position
At 31 December 2009, the Group had cash balances of £19 8m (2008 £28 5m) whilst debt reduced from £6 4m to £2 5m Cash inflow from operating activities was £8 0m (2008 £29 5m) The significant payments made from operational cash flow were £4 0m of taxation, £3 3m of dividends, £1 3m of capital expenditure, £3 5m for the acquisition of the Company's own shares and £3 4m of net bank loan repayments

The Group had positive cash flows from operations and is currently well placed to meet future working capital cash requirements

Surplus cash balances are invested with financial institutions with favourable credit ratings that offer competitive rates of return The Group also has an agreed £10 0m three-year committed financing facility available in the UK

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on page 11 The Group's principal risks and uncertainties are also set out on page 11

The Group had £17 3m of net cash at 31 December 2009 and further details of the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described within this Operating and Financial Review In addition, note 16 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

Although in certain markets and sectors our clients and suppliers are still experiencing difficult trading conditions, the Group has considerable financial resources together with a diverse range of clients and suppliers across different geographic locations and sectors As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully

After making enquiries, the Directors have formed a judgement, at the time of approving the accounts, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, the Directors continue to adopt the going concern basis in preparing the accounts

DIRECTORS AND ADVISORS

Philip Aiken (61)
Chairman
After graduating from the University of Sydney as a BE (Chem), Philip worked from 1970 until his retirement at the end of 2006 for The BOC Group plc, BTR plc and BHP Billiton in a number of senior management positions in both the UK and Australia From 1997 until his retirement he was President of BHP Petroleum and then Group President Energy of BHP Billiton He attended the Advanced Management Programme at Harvard Business School in 1989 and was Chairman of the Organising Committee for the 2004 World Energy Congress He is a Non-executive Director of National Grid plc, Miclyn Express Offshore Limited and Kazakhmys plc He was appointed to the Board of Robert Walters plc in July 2000 and appointed as Chairman in May 2007

Robert Walters (55)
Chief Executive
After graduating with a degree in economics and politics in 1975, Robert joined Touche Ross In 1978 he joined Michael Page International plc, initially working in its commerce division and subsequently set up and ran its public practice unit In 1982 he set up and managed its New York office He resigned in 1984 and founded the business of Robert Walters in 1985

Giles Daubeney (48)
Chief Operating Officer
After working in recruitment for Accountancy Selection Limited and Badenoch & Clark Limited, Giles joined the Group in 1988 From 1990 to 1994 he was based in Amsterdam and was responsible for the Group's Dutch and Belgian operations Giles was appointed to the role of Chief Operating Officer in 1999, and was appointed to the Board of Robert Walters plc in July 2000

Alan Bannatyne (40)
Group Finance Director and Company Secretary
After qualifying as a Chartered Accountant with Deloitte & Touche, Alan was Commercial Manager of Primecom and then Financial Director of Foresight, both subsidiaries of Primedia, a listed South African Media Group Alan joined Robert Walters as Group Financial Controller in September 2002 and was appointed to the Board of Robert Walters plc as Group Finance Director in March 2007

Russell Tenzer (53)
Non-executive Director
Russell qualified as a Chartered Accountant in 1979 before joining KPMG In 1981 he joined N M Rothschild Limited In 1983 he became a founding partner of Hazlems Fenton Chartered Accountants Russell was appointed to the Board of the Robert Walters Group in October 1989, and was appointed to the Board of Robert Walters plc in July 2000

Martin Griffiths (43)
Non-executive Director
Martin is Finance Director of Stagecoach Group plc, the international transport company From 1997 until 2000, he was Business Development Director at Stagecoach, having previously worked at Arthur Andersen, where he qualified as a Chartered Accountant in 1991 Martin is a past Chairman of the Group of Scottish Finance Directors and in 2004 won the Young Scottish Finance Director of the Year Award He is a Non-executive Director of the Troy Income and Growth Trust Martin was appointed to the Board of Robert Walters plc in July 2006

Lady Judge (63)
Non-executive Director
Lady Judge was appointed to the Board of Robert Walters plc in October 2007 She is a lawyer, an international banker and entrepreneur Formerly Lady Judge was a Commissioner of the US Securities & Exchange Commission and an Executive Director of Samuel Montagu and News International, amongst others She is currently Chairman of the UK Atomic Energy Authority and also a Non-executive Director of Portmerion Group plc, Nationwide Accident Repair Services plc and Private Equity Investor plc, amongst others

Andrew Kemp (59)
Non-executive Director
Andrew is currently Group HR Director at De La Rue plc He previously held Group HR Director appointments at Bovis, Transport Development Group plc, News International, Aegis and Rentokil Initial plc Prior to Bovis, Andrew held a number of HR appointments at the rank of Captain and Major in the British Army Andrew was appointed to the Board of Robert Walters plc in November 2007

Registered office
55 Strand
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Registered number
3956083

Auditors
Deloitte LLP
Chartered Accountants
2 New Street Square
London EC4A 3BZ

Solicitors
Dechert
160 Queen Victoria Street
London EC4V 4QQ

Stockbrokers
Investec
2 Gresham Street
London EC2V 7QP

Principal bankers
Barclays
Level 28
1 Churchill Place
Canary Wharf
London E14 5HP

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0LA

DIRECTORS' REPORT

The Directors present their review of the affairs of the Group and Company, together with the audited accounts for the year ended 31 December 2009

Business review
A review of the Group's business and future developments is set out in the Operating and Financial Review

Results and dividends
The Group's audited accounts for the year ended 31 December 2009 are set out on pages 26 to 43 and the Company's audited accounts are set out on pages 44 to 46 The Group's profit for the year ended 31 December 2009 was £240,000 (2008 £12,215,000)

The Directors recommend a final dividend of 3 35p (2008 3 35p) per ordinary share to be paid on 18 June 2010, to shareholders on the register on 28 May 2010 which together with the interim dividend of 1 40p paid on 23 October 2009 makes a total of 4 75p for the year (2008 4 75p)

Directors
The Directors who served throughout the year and at the date of this report are shown as follows

Philip S Aiken*
Robert C Walters
Giles P Daubeney
Alan R Bannatyne
Martin A Griffiths*
Lady Judge*
Andrew D Kemp*
Russell P Tenzer*

*Non-executive Directors

Philip Aiken, Lady Judge, Andrew Kemp and Russell Tenzer retire at the next Annual General Meeting and being eligible, offer themselves for re-election

Details of the Directors' service contracts are shown in the Report of the Remuneration Committee on page 20

Details of share options granted to Directors and the interests of the Directors in the ordinary shares of the Company are shown on pages 22 and 23

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report

Substantial shareholdings
On 3 March 2010 the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company

Name of shareholder	No of shares	Voting rights (%)
BlackRock	8,980,398	11 70
J P Morgan Asset Management	7,681,132	10 01
Robert Walters EBT	7,609,189	9 91
Harris Associates	5,941,382	7 74
Majedie Asset Management Ltd	5,064,556	6 60
Directors	4,470,063	5 82
Standard Life Investments Ltd	4,210,777	5 48
Aegon Asset Management	4,145,963	5 40
Legal & General Investment Management	3,223,408	4 20
Ruane Cunniff & Goldfarb	2,725,333	3 55
Baillie Gifford	2,355,965	3 07

Acquisition of Company's own shares
Further to the shareholders' resolution of 8 May 2009 and in order to enhance earnings per share, the Company purchased 1,899,389 ordinary shares from the market with a nominal share capital of £702,785 for a consideration of £3,542,000, representing 2 2% of the Company's called-up ordinary share capital These shares were purchased by The Robert Walters Employee Benefit Trust to satisfy current and future obligations under the Company's share schemes

Corporate Social Responsibility
The Board recognises its responsibilities in respect of social, environmental and ethical (SEE) matters The Board monitors all significant risks to the Group, including SEE risks, which may impact the Group's short and long-term value During 2009, no significant SEE risks were identified

(i) Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

(ii) Equal opportunity
The Group endorses and supports the principles of equal employment opportunities It is the policy of the Group to provide equal employment opportunities to all appropriately qualified individuals, and to ensure that all employment decisions are made, subject to legal obligations, on a non-discriminatory basis

(iii) Health and Safety
The Chief Executive has overall responsibility for the implementation of the Group's Health and Safety policy, with specific operational responsibility delegated to managers at each location Every effort is made to ensure that the Health and Safety at Work Act 1974, the European Community Directives on Health and Safety and the Australian Occupational Health and Safety Acts are complied with at all times

(iv) Environment
Whilst it is recognised that the Group does not operate in a business sector that can cause significant pollution, the Board ensures that all the environmental aspects of the Group's activities are evaluated As a result, the Group's environmental policy seeks to reduce the significant impacts by encouraging waste segregation and the reduction of energy consumption The Group is active in working towards the achievement of local Environmental Management Standards and in 2009 the Group's London business successfully achieved certification to ISO14001, the International Standard for Environmental Management

The standard allows for the critical balance between maintaining profitability while setting targets for improving the organisation's environmental performance The Group's compliance with ISO14001 and its drive for continuous environmental performance improvement is independently assessed by the British Standard Institute (BSI) bi-annually It is the Group's intention that best practice from our accredited environmental management system in London be deployed across the Group worldwide

Other environmental management initiatives that have been in place across the Group during the year include

- Carbon emissions – the Group continues to actively reduce the carbon footprint of the business through
  - consulting closely with the Carbon Trust and considering its recommendations as environmental objectives,
  - establishing objectives for minimising travel to that which is totally necessary (including the reviewing of home working where appropriate), and
  - offsetting travel-related carbon emissions through an accredited reforestation scheme in the UK, Europe and Asia Pacific
- Energy conservation
  - the Group has continued to install low-energy lighting systems and office equipment across the office network, and
  - the automatic shutdown of all PCs at 11pm every night
- Recycling
  - policies and procedures for the shredding and recycling of waste are in place across the majority of our offices globally, and
  - the majority of core consumable resources in use across the Group are now sourced from recyclable or sustainably managed sources
- Suppliers – the Group continues to evaluate the environmental credentials of critical suppliers, including those that dispose of waste, and ensures that they are aware of the Group's Environmental Code of Practice
- Electricity – where possible, the Group's offices have adopted a policy of obtaining electricity from renewable sources or from suppliers that have adopted green energy purchase procedures

(v) Employee involvement
The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group This is achieved through formal and informal meetings as well as a regular internal memorandum for all employees and the use of the Group intranet

The Directors consider that the ability of employees to participate in the share ownership of the Company is vital for the success of the Group

The Group currently operates a number of share incentive schemes and details of the Executive Share Option Schemes are included in note 18 to the accounts

(vi) Political and charitable donations
The Group made charitable donations of £5,000 (2008 £7,000) during the year The Group made no political donations during the year (2008 £nil)

(vii) Supplier payment policy
Companies in the Group agree standard terms of payment with their major suppliers at the commencement of business Suppliers fulfilling the conditions of supply are normally paid in accordance with the agreed standard terms Other suppliers are paid in accordance with contractual terms as agreed from time to time

Creditor days for the Group at 31 December 2009 were equivalent to 36 days (2008 33 days) based on the average daily amount invoiced by suppliers during the year

The Company had no trade creditors as at 31 December 2009 (2008 £nil)

Auditors
Each of the Directors at the date of approval of this report confirms

- so far as the Director is aware, there is no relevant audit information of which the Group's Auditors are unaware, and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Group's Auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Annual General Meeting
The Annual General Meeting will be held on 21 May 2010 and the notice of the Annual General Meeting, including an explanation of the special business of the meeting, will be sent out in due course

On behalf of the Board

Alan Bannatyne
Company Secretary
3 March 2010

CORPORATE GOVERNANCE STATEMENT

Statement of compliance with the Combined Code
The Company has complied throughout the year ended 31 December 2009 with the Code provisions set out in section 1 of the 2008 FRC Combined Code

The Company has applied the principles set out in section 1 of the Code, including both the Main Principles and the supporting principles, by complying with the Code as reported above Further explanation of how the Main Principles have been applied is set out below and, in connection with Directors' remuneration, in the Report of the Remuneration Committee and the Report of the Audit Committee

The Group's approach to corporate governance
The Group has a policy of seeking to comply with established best practice in the field of corporate governance In addition, one of the core values communicated within the Group is a belief that the highest standard of integrity is essential in business The Group has an express aim of respecting the needs of shareholders, employees, clients, candidates, contractors and suppliers

Board effectiveness
The Board considers that it has shown its commitment to leading and controlling the Group by

- having a Board constitution which details the Board's responsibility to shareholders for the management of the Group's affairs It exercises direction and supervision of the Group's operations throughout the world and defines the line of responsibility from the Board to the Chief Executive and the Executive Directors in whom responsibility for the executive management of the business is vested,
- the Board retaining specific responsibility for agreeing the strategic direction of the Group, the approval of accounts, business plan, budget and capital expenditure, the review of operating results, the effectiveness of governance practice and risk management, and also the appointment of senior executives and succession planning,
- a high level of attendance by the Directors at the eight Board meetings held during the year There was one apology from Andrew Kemp,
- the provision of appropriate training to all new Directors at the time of appointment to the Board, and by ensuring that existing Directors receive such training as to be equipped with the skills required to fulfil their roles, and
- delegating responsibilities to sub-committees Audit Committee, Remuneration Committee, and Nomination Committee

Division of responsibilities between Chairman and Chief Executive
The Board has shown its commitment to dividing responsibilities for the Board and running the Group's business by

- appointing Philip Aiken as Non-executive Chairman,
- appointing Robert Walters as Chief Executive, and
- clearly defining in writing the respective responsibilities of the Chairman and the Chief Executive

Board balance
The Group's commitment to achieving a balance of Executive and Non-executive Directors is shown by

- the Non-executive Directors comprising more than half of the Board of Directors,
- the Non-executive Directors being considered to act independently of management and free from any business relationship that could materially interfere with the exercise of their independent judgement, and
- Martin Griffiths, Lady Judge and Andrew Kemp being considered to be free from any other relationship which could materially interfere with the exercise of their independent judgement

Russell Tenzer has been a Non-executive Director of the Robert Walters Group since 1989 and Philip Aiken has been a Non-executive Director of the Company since July 2000 As a result, the Board considers that Russell and Philip do have a long-standing relationship with two of the Executive Directors

The Board has formally considered these relationships and has concluded that the exercise of their independent judgement since their appointment to the Board of Robert Walters plc in July 2000 has not been affected

As Philip Aiken and Russell Tenzer have now been Directors of the Company for over nine years, they are subject to re-election on an annual basis Consequently, they will both retire at the Annual General Meeting and offer themselves for re-election

Transparency of Board appointments
The Nomination Committee is responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition and balance The members of the Committee are the Non-executive Directors and Robert Walters During the year, the Nomination Committee met once to consider and approve the re-election at the AGM of Alan Bannatyne, Russell Tenzer and Martin Griffiths There was one apology from Lady Judge

The Nomination Committee has written terms of reference which are available on request The procedure for appointments to the Board includes the requirement to specify the nature of the position in writing and to ensure that appointees have sufficient time available to meet the demands of the position The terms of the contracts for the Non-executive Directors are available upon request

Regular re-election of Directors
As disclosed in the Directors' Report, all Directors are subject to re-election every three years, or every year in the case of those Non-executive Directors who have held office for more than nine years, as required by the provisions of the Code of Best Practice Prior to re-nomination, the Nomination Committee will conduct an assessment of the performance of each retiring Director The Board will not approve such a re-nomination if the performance of the retiring Director is not considered satisfactory

Timeliness and quality of Board information
The Board has sought to ensure that Directors are properly briefed on issues arising at Board meetings by establishing procedures for

- distributing Board papers in advance of meetings and considering the adequacy of the information provided before making decisions,
- adjourning meetings or deferring decisions when Directors have concerns about the information available to them, and
- making the Company Secretary responsible to the Board for the timeliness and quality of information

Performance evaluation
The annual performance appraisal of the Board and its Committees is considered by the Board to meet the requirements of the Combined Code A detailed review was completed by each Director and individual discussions took place between the Chairman and each of the Directors and, in the case of the Chairman, with the Senior Independent Non-executive Director Subsequently, there was a full Board discussion of the matters that were raised and a process to ensure that the decisions taken were appropriately implemented This process did not identify any material issues that needed to be addressed

Dialogue with institutional shareholders
The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by

- making annual and interim presentations to institutional investors,
- meeting shareholders to discuss long-term issues and obtain their views, and
- communicating regularly throughout the year, and regular meetings of the Board being used as the forum to ensure that Non-executive Directors are updated on the views of major shareholders that have been communicated to the Executive Directors

Senior Independent Director
The Board has appointed Lady Judge as the Senior Independent Director Lady Judge is available to shareholders who have concerns that cannot be addressed through the Chief Executive

Constructive use of Annual General Meeting
The Board seeks to use the Annual General Meeting to communicate with private investors and encourage their participation by

- inviting shareholders to submit questions in advance, and
- providing a balanced and understandable assessment of the Group's position and prospects

Internal control
The Board is responsible for the effectiveness of the Group's system of internal control A review has been completed by the Board for the year ended 31 December 2009 and up to the date of approval of the Annual Report, in accordance with the recommendations of the Turnbull Report

The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management It is based primarily on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring The Audit Committee assists the Board in discharging its review responsibilities

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant Therefore a confirmation in respect of necessary actions has not been considered appropriate

The Group's system of internal control is designed to safeguard the Group's assets and to ensure the reliability of information used within the business and for publication Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss

The full Board meets regularly and has a schedule of matters which are required to be brought to it or its duly authorised Committees for decision, aimed at maintaining full and effective control over appropriate strategic, financial, operational and compliance issues on an ongoing basis

The Board has put in place an organisational structure with clearly defined responsibilities and delegation of authority The Board constitution clearly sets out those matters for which the Board is required to give its approval

Audit Committee and Auditors
A separate Report of the Audit Committee is set out on page 18 and provides details of the role and activities of the committee and its relationship with the external auditors

REPORT OF THE AUDIT COMMITTEE

The Audit Committee meets at least three times a year with the Group Finance Director and the Group's Auditors to review the interim and annual financial statements, the accounting policies of the Group, its internal financial control procedures and compliance with accounting standards, business risk, legal requirements and the requirements of all matters indicated by Disclosure and Transparency Rule 71 and the Combined Code The members of the Audit Committee are Martin Griffiths (Chairman), Russell Tenzer and Andrew Kemp, all of whom are Non-executive Directors The Committee met five times during the year and there was one apology from Andrew Kemp

The Audit Committee is required to include one financially qualified member Currently, both Martin Griffiths and Russell Tenzer fulfil this requirement All Audit Committee members are expected to be financially literate

A process has been in existence throughout the period that this report relates to in order to assess the risks within the business and to report and monitor such risks The Audit Committee regularly receives reports identifying the key internal controls in existence and also risk reports from the business The Audit Committee then evaluates the effectiveness of those controls and the management of key risks within the Group

The Audit Committee regularly reviews the need for a dedicated internal audit function However, at present the Audit Committee has determined that given the size and nature of the Group's operations a separate internal audit function is not required This decision will be regularly reviewed in the future The Board seeks to improve the robustness of internal checks and balances within the Group on an ongoing basis and to implement controls and processes to address areas of potential improvement that come to the attention of the Board Further, the Group's Auditors are engaged to perform additional work in relation to those of the Group's activities which the Audit Committee judges it would be beneficial for them to do so

The Audit Committee discharges its responsibility in respect of the annual financial statements by reviewing the terms of the scope of the external audit in advance of the audit, and, subsequently evaluating the findings of the external audit as presented to the Audit Committee by the external Auditors prior to the approval of the annual financial statements

The Audit Committee recognises the importance of ensuring the independence and objectivity of the Group's Auditors and reviews the service provided by the Auditors and the level of their fees Any non-audit fees greater than £10,000 require the approval of the Audit Committee The Audit Committee meets with the Auditors at least once a year without Executive Directors being present

The Committee is responsible for making recommendations to the Board regarding the remuneration and appointment of its external auditors Whilst the appointment of external auditors is considered each year, it is the policy of the Audit Committee to review the appointment in greater detail at least every five years Such a review will be completed in 2010, taking into account a number of factors, including audit effectiveness at both operating company and Group-level, quality, continuity and depth of resources, expertise and competitiveness of fees The appointment of Senior Statutory Auditor is also rotated every five years and Edward Hanson was appointed to this role for the 2009 audit

The Audit Committee also reviews the arrangements by which staff may raise concerns of a confidential nature, relating to potential improprieties or otherwise The Audit Committee considers that the nomination of Martin Griffiths as a point of contact for raising any such matter is an appropriate measure and the procedure for raising such concerns is detailed on the Group's intranet

Appropriate Audit Committee responsibilities and relationships with Auditors
The Board has delegated responsibility to the Audit Committee for making recommendations on the appointment, evaluation and dismissal of external Auditors The Audit Committee reviews its terms of reference on an annual basis, and has adopted a policy with respect to the provision of non-audit services provided to the Group by the external Auditors that complies with the requirements of the Combined Code

The terms of reference of the Audit Committee are available upon request

Approved
This report was approved by the Board of Directors on 3 March 2010 and is signed on its behalf by

Martin Griffiths
Director
3 March 2010

REPORT OF THE REMUNERATION COMMITTEE

Introduction
This report has been prepared in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006 The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles of good governance relating to Directors' remuneration in the Combined Code As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company, at which the financial statements will be approved

The Act requires the Auditors to report to the Company's shareholders on the 'auditable part' of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Accounting Regulations

The report has therefore been divided into separate sections for audited and unaudited information

Unaudited information
Remuneration Committee
The Remuneration Committee is composed of three Non-executive Directors Lady Judge (Chairman), Russell Tenzer, and Andrew Kemp There have been no changes to the composition of the Committee during the year The Remuneration Committee met six times during the year and there was one apology from Andrew Kemp

The purpose of the Committee is to consider all aspects of Executive Directors' remuneration and to determine the specific remuneration packages of the Executive Directors, including bonus schemes, pensions contributions and other benefits The Committee ensures that the remuneration packages are competitive within the recruitment industry and reflect both Group and personal performance during the year, and also have regard to both the broader levels of remuneration within the Group itself and Environmental, Social and Governance issues The Committee meets when required to consider all aspects of Executive Directors' remuneration Independent external advice on amendments to share incentive schemes was obtained from Patterson Associates and Hewitt New Bridge Street Consultants LLP during the year The fees paid during the year in respect of this independent advice were £29,000 and £4,000 respectively There were no other connections between any of the Directors and Hewitt New Bridge Street Consultants LLP or Patterson Associates other than the provision of advice to the Remuneration Committee during the year, as detailed above The terms of reference of the Remuneration Committee are available upon request

Statement of remuneration policy
Executive Directors
Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the highest calibre needed to maintain the Group's position as a market leader and to reward them for enhancing shareholder value

The Group's policy on Executive Director remuneration for the year ended 31 December 2009 is as follows

(i) Salary
The basic salary of each Director is determined by the Remuneration Committee, taking into account the performance of the individual and information from independent sources on the rates of salary for similar jobs in comparable companies

(ii) Annual bonus
Each of the Executive Directors is entitled to participate in an annual executive bonus plan of up to 100% of salary Under the bonus plan, the Executive Directors' bonuses are dependent upon the achievement of financial targets and individual key performance indicators The majority of the bonus is linked to the financial performance of the Group against the Group's annual budget, which is approved by the Board each January

(iii) Pensions and other benefits
In addition to the basic remuneration payable under the service agreements, each of the Executive Directors is entitled to a pension provision and a range of other benefits, including permanent health insurance, private medical insurance, car allowance and mortgage subsidy All benefits are subject to annual review

(iv) Share options
Directors and senior employees are incentivised by the grant of share options under an Executive Share Option Scheme This scheme is administered by the Remuneration Committee and is open to employees and Directors of the Company and its subsidiaries, who are not within two years of their contractual retirement age The share options are only exercisable between three and ten years from the date of grant and only to the extent that earnings per share (EPS) targets have been satisfied over a period of three years

The maximum number of options that may be granted to an existing Director or employee in any given year is the lower of 300,000 shares or the equivalent value of 2 5 times salary at the date of grant

During 2008, the Company introduced a Save As You Earn (SAYE) option scheme, enabling UK permanent employees, using the proceeds of a related SAYE contract, to acquire options over ordinary shares of the Company at a discount of up to 20% of their market price Options granted under the scheme can normally be exercised during a period of six months starting on the third anniversary of the start of the relevant SAYE contract

Further information relating to all options currently available to Executive Directors is detailed on page 22 and in note 18 to the accounts In the event of a change of control, all options would vest subject to satisfaction of the performance conditions

REPORT OF THE REMUNERATION COMMITTEE

CONTINUED/

(v) Performance Share Plan (PSP)
A long-term incentive plan for Executive Directors and senior employees was approved at the 2003 Annual General Meeting of the Company, and further amendments were approved at the 2006 Extraordinary General Meeting This scheme is administered by the Remuneration Committee and is open to employees and the Executive Directors of the Company and its subsidiaries, who are not within six months of their contractual retirement age

The PSP permits the award of both performance shares and co-investment shares Both awards vest in full after three years, subject to meeting targets based on total shareholder return (TSR) and EPS over the three-year period, and, in the case of co-investment shares, to the extent that the individual has met the requirements to invest in shares in the Company during the vesting period

The maximum award of performance shares that may be made to an Executive Director in any financial year is limited to shares with an aggregate market value equal to 100% of salary In each year that co-investment shares are offered each participant may invest in shares using funds worth up to 25% of salary An award of co-investment shares will then be made over that number of shares which could have acquired had the amount of salary invested been on a pre-tax basis

Further information relating to all PSP awards currently available to Executive Directors is detailed on page 23 and in note 18 to the accounts In the event of a change of control, all awards would vest subject to satisfaction of the performance conditions The awards would normally then be pro-rated to reflect the period of time between the date of grant and the date of change of control

(vi) Service contracts
The service contracts for each of the Executive Directors are subject to review annually These service contracts are terminable by either party giving up to 12 months' written notice at any time and there are no specific provisions relating to any payments for early termination of office

None of the Executive Directors currently hold significant Non-executive positions and it is expected that the Executive Directors would seek approval from the Board prior to the acceptance of any such positions in companies outside the Group

Non-executive Directors
The remuneration of the Non-executive Directors is determined by the Board as a whole, based on outside advice and a review of current practices in other companies Their contracts are terminable by either party giving not less than three months' written notice at any time

Performance graph
The following graph shows the Company's performance compared with the performance of the FTSE Small Cap Index, of which Robert Walters plc is a part, measured by TSR

Source Datastream

TSR is calculated by Datastream as the growth or fall in value of a shareholding from the date of initial investment over time, with the assumption that dividends are reinvested to purchase additional shares in the Company

Contracts of service	Date of contract	Date of re-election
Executive Directors		
R C Walters	19 June 2000	May 2011
G P Daubeney	19 June 2000	May 2011
A R Bannatyne	1 March 2007	May 2012
Non-executive Directors		
P S Aiken	16 June 2000	May 2010
M A Griffiths	1 July 2006	May 2012
Lady Judge	19 October 2007	May 2010
A D Kemp	7 November 2007	May 2010
R P Tenzer	16 June 2000	May 2010

Audited information

Directors' remuneration, interests and transactions

	2009 £'000	2008 £'000
Aggregate remuneration		
The total amount of Directors' remuneration and other benefits was as follows		
Emoluments	1,664	2,058
Group contributions to money purchase pension schemes	137	131
	1,801	2,189
Fees paid to third parties in respect of Directors' services	45	43

Fees paid to third parties comprise amounts paid to Hazlems Fenton, Chartered Accountants, under an agreement to provide the Group with the services of Russell Tenzer

Directors' interests in Share Options and the Performance Share Plan are presented on pages 22 and 23

	2009 £'000				2008 £'000			
Emoluments	Salary and fees	Bonus	Taxable benefits	Total	Salary and fees	Bonus	Taxable benefits	Total
Executive								
R C Walters	475	–	155	**630**	475	190	155	820
G P Daubeney	396	–	49	**445**	396	158	49	603
A R Bannatyne	290	–	27	**317**	263	105	25	393
Non-executive								
P S Aiken	72	–	–	**72**	70	–	–	70
M A Griffiths	55	–	–	**55**	43	–	–	43
Lady Judge	55	–	–	**55**	43	–	–	43
A D Kemp	45	–	–	**45**	43	–	–	43
R P Tenzer	45	–	–	**45**	43	–	–	43
	1,433	–	**231**	**1,664**	1,376	453	229	2,058

Annual bonuses are determined by the Remuneration Committee However, as reported in the 2008 Annual Report, the Executive Directors waived any bonus entitlement in 2009 and did not receive a payrise

The nature of the taxable benefits comprises mortgage allowance, car allowance, health club membership, and medical aid Additionally, since 2006, following changes to UK pension regulations, Robert Walters has elected to receive funds directly that were previously paid by the Group on his behalf to a money purchase pension scheme

Pensions

Two Directors were members of money purchase pension schemes during the year Contributions paid in by the Company in respect of such Directors were as follows

	2009 £'000	2008 £'000
Director		
G P Daubeney	79	79
A R Bannatyne	58	52
	137	131

REPORT OF THE REMUNERATION COMMITTEE

CONTINUED/

Share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors under the Company's Executive Share Option Scheme or SAYE Option Scheme Details of the options are as follows

	Options at 1 January 2009	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options at 31 December 2009	Price granted[1] (p)	Exercise dates
R C Walters							
Executive Options	1,500,000	–	–	–	1,500,000	244	July 2010 – June 2016
Executive Options	300,000	–	–	–	300,000	363	June 2010 – June 2017
Executive Options	300,000	–	–	–	300,000	139	Feb 2011 – Feb 2018
SAYE Options	7,500	–	–	–	7,500	128	May 2011 – Nov 2011
Executive Options	–	300,000	–	–	300,000	92	Mar 2012 – Mar 2019
	2,107,500	**300,000**	–	–	**2,407,500**		
G P Daubeney							
Executive Options	400,000	–	–	–	400,000	244	July 2010 – June 2016
Executive Options	250,000	–	–	–	250,000	363	June 2010 – June 2017
Executive Options	250,000	–	–	–	250,000	139	Feb 2011 – Feb 2018
SAYE Options	7,500	–	–	–	7,500	128	May 2011 – Nov 2011
Executive Options	–	250,000	–	–	250,000	92	Mar 2012 – Mar 2019
	907,500	**250,000**	–	–	**1,157,500**		
A R Bannatyne							
Executive Options	15,048	–	–	–	15,048	103	June 2007 – May 2013
Executive Options	25,000	–	–	–	25,000	135	Dec 2008 – Dec 2015
Executive Options	117,079	–	–	–	117,079	363	June 2010 – June 2017
Executive Options	200,000	–	–	–	200,000	139	Feb 2011 – Feb 2018
SAYE Options	7,500	–	–	–	7,500	128	May 2011 – Nov 2011
Executive Options	–	200,000	–	–	200,000	92	Mar 2012 – Mar 2019
	364,627	**200,000**	–	–	**564,627**		
	3,379,627	**750,000**	–	–	**4,129,627**		

[1] Market price when awarded, except for SAYE Options which were granted at a 20% discount to the market price

The performance criteria of the options are detailed in note 18

The market price of the ordinary shares at 31 December 2009 was 212 75p per share (2008 102 00p per share) and the range during the year was 76 00p to 212 75p per share

Performance Share Plan (PSP)
There are currently 21 senior executives who participate in the PSP The maximum number of shares receivable by Executive Directors is as follows

Date of grant	Share awards	Co-investment awards	Vested during year	Lapsed during year	At 31 December 2009	Exercise date	Gain on Vesting (£)
R C Walters							
June 2006	187,824	–	(136,201)	(51,623)	–	June 2009	197,492
June 2007	137,786	50,269	–	–	188,055	June 2010	
February 2008	383,412	134,180	–	–	517,592	February 2011	
March 2009	431,425	243,217	–	–	674,642	March 2012	
	1,140,447	**427,666**	**(136,201)**	**(51,623)**	**1,380,289**		**197,492**
G P Daubeney							
June 2006	155,487	–	(112,751)	(42,736)	–	June 2009	163,489
June 2007	111,644	18,527	–	–	130,171	June 2010	
February 2008	319,644	111,864	–	–	431,508	February 2011	
March 2009	359,673	82,446	–	–	442,119	March 2012	
	946,448	**212,837**	**(112,751)**	**(42,736)**	**1,003,798**		**163,489**
A R Bannatyne							
June 2007	53,938	19,427	–	–	73,365	June 2010	
February 2008	209,867	73,446	–	–	283,313	February 2011	
March 2009	263,396	30,608	–	–	294,004	March 2012	
	527,201	**123,481**	**–**	**–**	**650,682**		**–**
	2,614,096	**763,984**	**(248,952)**	**(94,359)**	**3,034,769**		**360,981**

The PSPs granted in June 2006 vested on 30 June 2009 when the share price was 145p, having satisfied the EPS performance condition and partly satisfied the TSR performance condition

Directors' interests in shares
The Directors who held office at 31 December 2009 had the following interests in the ordinary shares of the Company

	31 December 2009 Number	31 December 2008 Number
R C Walters	2,515,648	2,235,949
G P Daubeney	1,774,760	1,613,366
A R Bannatyne	108,974	90,915
Lady Judge	22,800	22,800
R P Tenzer	14,705	14,705
M A Griffiths	12,000	12,000
P S Aiken	11,176	11,176
A D Kemp	10,000	10,000

Approval
This report was approved by the Board of Directors on 3 March 2010 and signed on its behalf by

Lady Judge
Director
3 March 2010

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing the Parent Company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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

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

Responsibility statement
We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- the Operating and Financial Review includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board

Alan Bannatyne
Group Finance Director
3 March 2010

INDEPENDENT AUDITORS' REPORT

To the Members of Robert Walters plc
We have audited the financial statements of Robert Walters plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Statement of Accounting Policies and the related notes 1 to 34 The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of Directors and Auditors
As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006
In our opinion

- the part of the Report of the Remuneration Committee to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following

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

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

Under the Listing Rules we are required to review

- the Directors' statement contained within the Operating and Financial Review in relation to going concern, and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Edward Hanson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
3 March 2010

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
Revenue	1		
Continuing operations		**300,442**	337,311
Cost of sales		(196,079)	(198,726)
Gross profit		**104,363**	138,585
Administrative expenses		(102,785)	(119,943)
Operating profit		**1,578**	18,642
Finance income		241	530
Finance costs	2	(388)	(821)
Loss on foreign exchange		(118)	(169)
Profit before taxation	3	**1,313**	18,182
Taxation	5	(1,073)	(5,967)
Profit for the year		**240**	12,215
Attributable to:			
Equity holders of the parent		**240**	12,242
Minority interest		–	(27)
		240	12,215
Earnings per share (pence):	7		
Basic		0.3	17.2
Diluted		0.3	16.6

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £'000	2008 £'000
Profit for the year	**240**	12,215
Exchange differences on translation of overseas operations	(363)	8,480
Total recognised income and expense for the year	**(123)**	20,695
Attributable to.		
Equity holders of the parent	**(123)**	20,722
Minority interest	–	(27)
	(123)	20,695

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Intangible assets	8	8,913	9,638
Property, plant and equipment	9	4,271	6,228
Deferred tax assets	15	3,930	2,771
		17,114	18,637
Current assets			
Trade and other receivables	12	66,744	68,419
Corporation tax receivables		2,247	579
Cash and cash equivalents	16	19,812	28,525
		88,803	97,523
Total assets		105,917	116,160
Current liabilities			
Trade and other payables	13	(48,592)	(47,618)
Corporation tax liabilities		(692)	(2,031)
Bank loans	14	(2,100)	(4,822)
		(51,384)	(54,471)
Net current assets		**37,419**	43,052
Non-current liabilities			
Bank loans	14	(441)	(1,532)
Deferred tax liabilities	15	(758)	(502)
		(1,199)	(2,034)
Total liabilities		(52,583)	(56,505)
Net assets		**53,334**	59,655
Equity			
Called-up share capital	17	17,034	17,034
Share premium account		20,586	20,586
Other reserves	19	(73,410)	(73,410)
Own shares held	19	(12,763)	(9,834)
Treasury shares held	19	(18,865)	(18,865)
Foreign exchange reserves		8,555	8,918
Retained earnings		112,197	115,226
Equity attributable to equity holders of the parent		**53,334**	59,655
Total equity		**53,334**	59,655

The accounts on pages 26 to 43 were approved and authorised for issue by the Board of Directors on 3 March 2010 and signed on its behalf by

Alan Bannatyne
Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
Cash generated from operating activities	20	**7,952**	29,549
Income taxes paid		(4,005)	(9,102)
Net cash from operating activities		**3,947**	20,447
Investing activities			
Acquisition of subsidiary (net of cash acquired)		(445)	(237)
Proceeds on disposal of investments		20	–
Interest paid		(147)	(348)
Purchases of computer software		(403)	(1,677)
Purchases of property, plant and equipment		(874)	(2,438)
Proceeds on disposal of property, plant and equipment		5	132
Net cash used in investing activities		**(1,844)**	(4,568)
Financing activities			
Equity dividends paid		(3,344)	(3,303)
Proceeds from issue of equity		–	41
Proceeds from bank loans		925	3,028
Repayment of bank loans		(4,288)	(6,814)
Purchase of own shares (net of proceeds from option exercises)		(3,288)	(9,658)
Shares purchased for cancellation		–	(401)
Net cash used in financing activities		**(9,995)**	(17,107)
Net decrease in cash and cash equivalents		**(7,892)**	(1,228)
Cash and cash equivalents at beginning of year		28,525	23,953
Effect of foreign exchange rate changes		(821)	5,800
Cash and cash equivalents at end of year		**19,812**	28,525

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital £'000	Share premium £'000	Other reserves £'000	Own shares held £'000	Treasury shares held £'000	Foreign exchange reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2008	17,086	40,553	(73,470)	(1,073)	(18,865)	438	85,030	49,699
Profit for the year	–	–	–	–	–	–	12,242	12,242
Foreign currency translation differences	–	–	–	–	–	8,480	–	8,480
Total recognised income and expense for the year	–	–	–	–	–	8,480	12,242	20,722
Dividends paid	–	–	–	–	–	–	(3,303)	(3,303)
Own shares purchased	–	–	–	(9,658)	–	–	–	(9,658)
Shares purchased for cancellation	(60)	–	60	–	–	–	151	151
Reduction of share premium	–	(20,000)	–	–	–	–	20,000	–
Adjustment in respect of share schemes	–	–	–	897	–	–	1,106	2,003
New shares issued	8	33	–	–	–	–	–	41
Balance at 31 December 2008	17,034	20,586	(73,410)	(9,834)	(18,865)	8,918	115,226	59,655
Profit for the year	–	–	–	–	–	–	240	240
Foreign currency translation differences	–	–	–	–	–	(363)	–	(363)
Total recognised income and expense for the year	–	–	–	–	–	(363)	240	(123)
Dividends paid	–	–	–	–	–	–	(3,344)	(3,344)
Own shares purchased	–	–	–	(3,542)	–	–	–	(3,542)
Adjustment in respect of share schemes	–	–	–	613	–	–	75	688
Balance at 31 December 2009	**17,034**	**20,586**	**(73,410)**	**(12,763)**	**(18,865)**	**8,555**	**112,197**	**53,334**

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009

Accounting policies

Basis of preparation

The financial report for the year ended 31 December 2009 has been prepared in accordance with the historic cost convention and with International Financial Reporting Standards (IFRSs), including International Accounting Standards and Interpretations as adopted for use by the European Union

The financial statements have been prepared on a going concern basis This is discussed in the Operating and Financial Review on page 12

The principal accounting policies of the Group are summarised below and have been applied consistently in all aspects throughout the current year and preceding year with the exception of the adoption of

- IFRS 8 Operating segments, and
- IAS 1 (revised 2007) Presentation of financial statements

(a) Basis of consolidation

The Group financial statements consolidate the financial statements of Robert Walters plc and its subsidiary undertakings drawn up to 31 December each year

(b) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in income or expense

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised

(c) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is reviewed for impairment at least annually Any impairment is recognised in the Consolidated Income Statement and is not subsequently reversed

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date On disposal the attributable amount of goodwill is included in determining the profit or loss on disposal

(d) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date

Deferred tax is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax is reviewed at each balance sheet date and is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised

(e) Employee share schemes

The cost of awards made under the Group's employee share schemes after 7 November 2002 is based on the fair value of the shares at the time of grant and is charged to the Consolidated Income Statement on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest

Fair value is measured by use of a stochastic model The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

A liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date for cash settled share-based payments

STATEMENT OF ACCOUNTING POLICIES
CONTINUED/

(f) Revenue
Revenue comprises the value of services, net of VAT and other sales related taxes, provided in the normal course of business Any bad debt provision that may be deemed necessary is treated as an administrative expense

Revenue from the placement of permanent staff is recognised when a candidate accepts a position and a start date is determined A provision is made for the cancellation of placements prior to or shortly after the commencement of employment based on past experience of this occurring

Revenue from temporary placements represents the amounts billed for the services of temporary staff including the salary costs of those staff This is recognised when the service has been provided, to the extent that the Group is acting as a principal Where the Group is not considered to act as a principal, the salary costs of the temporary staff are excluded from revenue and only the net margin is recognised as revenue Revenue in respect of outsourcing and consultancy is recognised when the service has been provided

(g) Gross profit (net fee income)
Gross profit is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and advertising margin It also includes the outsourcing and consultancy margin earned by Resource Solutions

(h) Operating profit
Operating profit is the total revenue less the total associated costs incurred in the production of revenue The only items that are excluded from operating profit are finance costs (including foreign exchange), investment income and expenditure, taxation, and, if deemed appropriate, amounts that are identified as non-recurring material items

(i) Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, with any gain or loss that may arise as a result being included in net profit or loss for the period

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date Exchange differences arising on translation of the opening net assets and the results of overseas operations are dealt with through reserves, and recognised as income or as expenses in the period in which an operation is disposed of

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as pounds sterling denominated assets and liabilities

(j) Property, plant and equipment and computer software
Property, plant and equipment and computer software is stated at cost, net of depreciation Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

- leasehold improvements and finance leases the shorter of estimated useful life and the period of the lease,
- motor vehicles 17 5%,
- fixtures, fittings and office equipment 10% to 20%, and
- computer equipment and computer software 33 3%

(k) Leases
Rentals under operating leases are charged on a straight-line basis over the lease term even if the payments are not made on such a basis

(l) Investments
Investments are shown at cost less provision for impairment where appropriate

(m) Receivables
Trade and other receivables are recorded at cost, less any provision for impairment

(n) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

(o) Other financial liabilities
Other financial liabilities, including borrowings, are measured at fair value, net of transaction costs

(p) Pensions
The Group currently contributes to the money purchase pension plans of certain individual Directors and employees Contributions payable in respect of the year are charged to the Consolidated Income Statement

New IFRS accounting movements

In the current year, three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period These are

- IAS 23 (revised 2007) Borrowing costs,
- IFRIC 16 Hedges of a net investment in a foreign operation, and
- IFRIC 18 Transfers of assets from customers

The adoption of these Interpretations has not led to any changes in the Group's accounting policies

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- IFRS 1 (amended) / IAS 27 (amended) Cost of an investment in a subsidiary, jointly controlled entity or associate,
- IFRS 3 (revised 2008) Business combinations,
- IAS 27 (revised 2008) Consolidated and separate financial statements,
- IFRIC 17 Distributions of non-cash assets to owners, and
- Improvements to IFRSs (April 2009)

The Group does not consider that these Standards or Interpretations will have a significant impact on the accounts of the Group when they come into effect

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting polices, which are described above, management considers that judgements in relation to revenue recognition and bad debt expense have the most significant effect on the amounts recognised in the financial statements These are also the key sources of estimation uncertainty and are arrived at through specific analysis and historical experience

- **Revenue recognition** – in making its judgement, management considered the detailed criteria for the recognition of revenue from permanent placements who had accepted a position and agreed a start date, but had not started employment A provision is made by management, based on historical evidence, for the proportion of those placements where the candidate is expected to reverse their acceptance prior to the start date
- **Bad debt provisioning** – in the current economic climate there is increased uncertainty regarding customers who may not be able to pay as their invoices fall due A provision is estimated based on anticipated recoverable cash flows, nature of counterparty, past due date, geographical location, the costs of recovery and the fair value of any guarantee received

NOTES TO THE GROUP ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. Segmental information

	2009 £'000	2008 £'000
i) Revenue:		
Asia Pacific	122,495	137,092
UK	116,578	133,213
Europe	59,407	64,884
USA and South Africa	1,962	2,122
	300,442	337,311
ii) Gross profit:		
Asia Pacific	42,988	58,053
UK	33,772	45,448
Europe	25,651	32,969
USA and South Africa	1,952	2,115
	104,363	138,585
iii) Profit before taxation:		
Asia Pacific	3,292	12,345
UK	(830)	1,894
Europe	(697)	4,508
USA and South Africa	(187)	(105)
Operating profit	**1,578**	18,642
Net finance cost	(265)	(460)
Profit before taxation	**1,313**	18,182
iv) Net assets:		
Asia Pacific	17,326	14,983
UK	5,102	11,324
Europe	9,492	10,781
USA and South Africa	(584)	(421)
Unallocated corporate assets and liabilities*	21,998	22,988
	53,334	59,655

The analysis of revenue by destination is not materially different to the analysis by origin and the analyses of finance income and costs and inter segment revenue are not significant

The Group is divided into geographical areas for management purposes, and it is on this basis that the segmental information has been prepared

1. Segmental information continued

v) Other information – 2009:	Fixed asset additions £'000	Depreciation and amortisation £'000	Non-current assets £'000	Assets £'000	Liabilities £'000
Asia Pacific	466	1,230	9,865	30,143	(12,817)
UK	574	1,785	1,920	35,970	(30,868)
Europe	212	322	1,317	20,478	(10,986)
USA and South Africa	25	44	82	381	(965)
Unallocated corporate assets and liabilities*	–	–	3,930	25,989	(3,991)
	1,277	**3,381**	**17,114**	**112,961**	**(59,627)**
Other information – 2008:					
Asia Pacific	1,537	967	10,917	30,374	(15,391)
UK	2,352	1,655	3,249	35,255	(23,930)
Europe	248	266	1,600	24,369	(13,588)
USA and South Africa	24	27	100	394	(815)
Unallocated corporate assets and liabilities*	–	–	2,771	31,875	(8,888)
	4,161	2,915	18,637	122,267	(62,612)

* For the purposes of segmental information, unallocated corporate assets and liabilities include cash, bank loans and corporate and deferred tax balances

	2009 £'000	2008 £'000
vi) Revenue by business grouping:		
Robert Walters	265,184	312,758
Resource Solutions (recruitment process outsourcing)	35,258	24,553
	300,442	337,311

2. Finance costs

	2009 £'000	2008 £'000
Interest on bank overdrafts	11	162
Interest on long-term loans	377	360
Other	–	299
	388	821

3. Profit before taxation

	2009 £'000	2008 £'000
Profit is stated after charging		
Auditors' remuneration – Deloitte LLP (as Auditors)		
– Fees payable to the Company's Auditors for the audit of the Company's annual accounts	50	52
– The audit of the Company's subsidiaries pursuant to legislation	233	238
	283	290
– Other services pursuant to legislation	23	24
– Fees payable to the Auditors pursuant to legislation	306	314
– Tax advisory services	51	32
Total fees	**357**	346
Depreciation and amortisation of assets – owned	3,381	2,915
Loss on disposal of fixed assets	321	42
Impairment of trade receivables (net)	34	100
Operating lease rentals – property	7,346	6,373
– computers and equipment	999	1,061

NOTES TO THE GROUP ACCOUNTS
CONTINUED/

4. Staff costs

	2009 Number	2008 Number
The average monthly number of employees of the Group (including Executive Directors) during the year was		
Group employees	**1,313**	1,636

	2009 £'000	2008 £'000
Their aggregate remuneration comprised		
Wages and salaries	61,646	76,890
Social security costs	8,012	8,244
Other pension costs	2,361	2,372
	72,019	87,506

5. Taxation

	2009 £'000	2008 £'000
Current tax charge		
Corporation tax – UK	–	19
Corporation tax – Overseas	1,164	6,225
Adjustments in respect of prior years		
Corporation tax – UK	330	(310)
Corporation tax – Overseas	(105)	283
	1,389	6,217
Deferred tax		
Deferred tax – UK	(501)	(390)
Deferred tax – Overseas	184	347
Adjustments in respect of prior years		
Deferred tax – Overseas	1	(207)
	(316)	(250)
Total tax charge for year	**1,073**	5,967
Profit before taxation	1,313	18,182
Tax at standard UK corporation tax rate of 28% (2008 28 5%)	368	5,182
Effects of		
Unrelieved (relieved) losses	274	(151)
Other expenses not deductible for tax purposes	188	759
Overseas earnings taxed at different rates	17	411
Adjustments to tax charges in previous years	226	(234)
Total tax charge for year	**1,073**	5,967

6. Dividends

	2009 £'000	2008 £'000
Amounts recognised as distributions to equity holders in the year		
Interim dividend paid of 1 40p per share (2008 1 40p)	990	974
Final dividend for 2008 of 3 35p per share (2007 3 35p)	2,354	2,329
	3,344	3,303
Proposed final dividend for 2009 of 3.35p per share (2008· 3 35p)	**2,314**	2,359

The proposed final dividend of £2,314,000 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements

7. Earnings per share

The calculation of earnings per share is based on the profit for the year attributable to equity holders of the parent and the weighted average number of shares of the Company

	2009 £'000	2008 £'000
Profit for the year attributable to equity holders of the parent	**240**	12,242

	2009 Number of shares	2008 Number of shares
Weighted average number of shares		
Shares in issue throughout the year	85,168,703	85,428,703
Shares issued in the year	–	19,397
Share buy-backs and cancellations	–	(279,644)
Treasury and own shares held	(14,869,591)	(14,279,043)
For basic earnings per share	**70,299,112**	70,889,413
Outstanding share options	6,750,325	2,548,118
For diluted earnings per share	**77,049,437**	73,437,531

8. Intangible assets

	Goodwill £'000	Computer software £ 000	Total £'000
Cost			
At 1 January 2008	6,847	3,390	10,237
Additions	768	1,677	2,445
Disposals	–	(34)	(34)
Foreign currency translation differences	293	120	413
At 31 December 2008	7,908	5,153	13,061
Additions	–	403	403
Disposals	–	(117)	(117)
Foreign currency translation differences	(68)	(33)	(101)
At 31 December 2009	**7,840**	**5,406**	**13,246**
Accumulated depreciation and impairment			
At 1 January 2008	–	2,415	2,415
Charge for the year	–	992	992
Disposals	–	(33)	(33)
Foreign currency translation differences	–	49	49
At 31 December 2008	–	3,423	3,423
Charge for the year	–	994	994
Disposals	–	(70)	(70)
Foreign currency translation differences	–	(14)	(14)
At 31 December 2009	**–**	**4,333**	**4,333**
Carrying value			
At 1 January 2008	6,847	975	7,822
At 31 December 2008	7,908	1,730	9,638
At 31 December 2009	**7,840**	**1,073**	**8,913**

The carrying value of goodwill relates to the acquisition of Talent Spotter (£993,000) and the historic acquisition of the Dunhill Group in Australia (£6,847,000) Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired The recoverable amount of the goodwill is based on value in use over the next five years, calculated by preparing cash flow forecasts derived from the most recent financial budgets and an assumed growth rate of 3%, which does not exceed the long-term average potential growth rate of the respective operations The value of the cash flows is then discounted at a post-tax rate of 7 3% (pre-tax rate of 10 1%), based on the Group's weighted average cost of capital

NOTES TO THE GROUP ACCOUNTS

CONTINUED/

9. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2008	3,208	5,695	2,658	34	11,595
Additions	519	812	1,101	6	2,438
Acquisition of subsidiary	–	46	–	–	46
Disposals	(114)	(244)	(274)	(1)	(633)
Foreign currency translation differences	651	1,003	417	17	2,088
At 31 December 2008	4,264	7,312	3,902	56	15,534
Additions	267	255	342	10	874
Disposals	(393)	(460)	(204)	–	(1,057)
Foreign currency translation differences	(181)	129	(99)	(2)	(153)
At 31 December 2009	**3,957**	**7,236**	**3,941**	**64**	**15,198**
Accumulated depreciation and impairment					
At 1 January 2008	1,962	2,865	2,012	11	6,850
Charge for the year	620	661	630	12	1,923
Disposals	(89)	(175)	(195)	–	(459)
Foreign currency translation differences	380	391	201	20	992
At 31 December 2008	2,873	3,742	2,648	43	9,306
Charge for the year	732	945	699	11	2,387
Disposals	(316)	(266)	(196)	–	(778)
Foreign currency translation differences	(103)	180	(63)	(2)	12
At 31 December 2009	**3,186**	**4,601**	**3,088**	**52**	**10,927**
Carrying value					
At 1 January 2008	1,246	2,830	646	23	4,745
At 31 December 2008	1,391	3,570	1,254	13	6,228
At 31 December 2009	**771**	**2,635**	**853**	**12**	**4,271**

10. Fixed asset investments

	Total £'000
Cost	
At 1 January 2008 and 31 December 2008	103
Disposal	(103)
At 31 December 2009	**–**
Provision	
At 1 January 2008 and 31 December 2008	103
Disposal	(103)
At 31 December 2009	**–**
Carrying value	
At 1 January 2008, 31 December 2008 and 31 December 2009	**–**

During the year, the Group sold its investment in Merryck & Co Limited

11. Principal Group investments

Details of principal Group investments existing as at 31 December 2009 are as follows

	Percentage of ordinary shares	Principal activity	Country of incorporation
Subsidiary undertaking			
Robert Walters Pty Limited	100%	Recruitment consultancy	Australia
Robert Walters SA	100%	Recruitment consultancy	Belgium
Walters Interim SA	100%	Recruitment consultancy	Belgium
Robert Walters Talent Consulting (Shanghai) Ltd	70%	Recruitment consultancy	China
Robert Walters SAS	100%	Recruitment consultancy	France
Robert Walters Solutions SAS	100%	Recruitment consultancy	France
Walters Interim SAS	100%	Recruitment consultancy	France
Robert Walters (Hong Kong) Limited	100%	Recruitment consultancy	Hong Kong
Robert Walters Limited	100%	Recruitment consultancy	Ireland
Robert Walters Japan KK	100%	Recruitment consultancy	Japan
Robert Walters Sdn Bhd	100%	Recruitment consultancy	Malaysia
Walters People BV	100%	Recruitment consultancy	Netherlands
Robert Walters BV	100%	Recruitment consultancy	Netherlands
Robert Walters New Zealand Limited	100%	Recruitment consultancy	New Zealand
Robert Walters (Singapore) Pte Limited	100%	Recruitment consultancy	Singapore
Robert Walters Holdings SAS	100%	Recruitment consultancy	Spain
Robert Walters Switzerland AG	100%	Recruitment consultancy	Switzerland
Robert Walters Recruitment (Thailand) Ltd	100%	Recruitment consultancy	Thailand
Robert Walters Operations Limited	100%	Recruitment consultancy	United Kingdom
Resource Solutions Limited	100%	HR Outsourcing Services	United Kingdom
Robert Walters Holdings Limited[1]	100%	Holding Company	United Kingdom
Robert Walters Associates Inc	100%	Recruitment consultancy	USA

[1] Robert Walters Holdings Limited has branch operations in Luxembourg and South Africa.

Advantage has been taken of Section 410 of the Companies Act 2006 to list only those undertakings required by that provision, as an exhaustive list would involve a statement of excessive length A full listing of the Company's subsidiary undertakings is included in the Company's Annual return

12. Trade and other receivables

	2009 £'000	2008 £'000
Receivables due within one year		
Trade receivables	49,358	51,601
Other receivables	2,656	2,488
Prepayments and accrued income	14,730	14,330
	66,744	68,419

13. Trade and other payables: amounts falling due within one year

	2009 £'000	2008 £ 000
Trade payables	2,352	4,378
Other taxation and social security	11,986	10,667
Other trade payables	11,242	10,717
Accruals and deferred income	23,012	21,856
	48,592	47,618

There is no material difference between the fair value and the carrying value of the Group's trade and other payables

NOTES TO THE GROUP ACCOUNTS

CONTINUED/

14. Bank loans

	2009 £'000	2008 £'000
Bank loans current	2,100	4,822
Bank loans non-current	441	1,532
	2,541	6,354

The borrowings are repayable as follows		
Within one year	2,100	4,822
In the second year	257	564
In the third to fifth year inclusive	184	968
	2,541	6,354

A euro denominated bank loan was taken out on 8 November 2006 at a fixed interest rate of 5 36% per annum and thus exposed the Group to fair value interest rate risk, currency risk being addressed by the Group's European operations The initial value was £5 0m and the final repayment was made in June 2009

A pounds sterling denominated bank loan was taken out on 8 November 2006 at a fixed interest rate of 6 94% per annum and thus exposed the Group to fair value interest rate risk The initial value was £5 0m and the final repayment was made in June 2009

In March 2008, the Group borrowed renminbi 20m at a rate of the People Bank Of China base rate plus 10% to finance the acquisition of Talent Spotter and provide working capital Renminbi 10m is repayable over four years and the remainder is a short-term facility The loan is secured against cash deposits in Hong Kong

In May 2008, the Group entered into a trade loan facility of £12 5m at a rate of LIBOR plus 0 75% This facility expired in April 2009

In August 2009, the Group entered into a committed, three-year, £10m receivables financing agreement At 31 December 2009, £0 9m was drawn down under this facility

The Directors estimate that the fair value of all borrowings is not materially different from the amounts stated in the Consolidated Balance Sheet of £2,541,000 (2008 £6,354,000)

15. Deferred taxation

The following are the major tax assets (liabilities) recognised by the Group and the movements during the current and prior year

	Accelerated depreciation £'000	Tax losses £'000	Share based payment £'000	Accruals and provisions £'000	Total £'000
At 1 January 2008	139	–	1,917	1,010	3,066
Credit (charge) to income	–	413	(52)	(111)	250
Charge to equity	–	–	(1,559)	–	(1,559)
Foreign currency translation differences	–	–	–	512	512
At 31 December 2008	139	413	306	1,411	2,269
Credit (charge) to income	–	470	130	(284)	316
Charge to equity	–	–	650	–	650
Foreign currency translation differences	–	(15)	–	(48)	(63)
At 31 December 2009	**139**	**868**	**1,086**	**1,079**	**3,172**

Certain deferred tax assets and liabilities have been offset The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

	2009 £'000	2008 £'000
Group		
Deferred tax assets	3,930	2,771
Deferred tax liabilities	(758)	(502)
	3,172	2,269

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £nil (2008 £28 8m) The temporary differences at 31 December 2009 are significantly reduced from the prior year as a result of a change to UK tax legislation which largely exempts from UK tax overseas dividends received on or after 1 July 2009

16. Derivatives and other financial instruments

The Group's financial instruments comprise cash and liquid resources and various items, such as trade receivables, trade payables, etc , that arise directly from its operations The main purpose of these financial instruments is to finance the Group's operations The Group has not entered into derivative transactions and no gains or losses on hedges have been incurred

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk and interest rate risk

(i) Financial assets
Surplus cash balances are invested in financial institutions with favourable credit ratings that offer competitive rates of return, whilst still providing the Group with flexibility in its cash management

	2009 £'000	2008 £'000
Cash		
Euros	8,012	10,030
Australian dollars	4,226	3,723
Hong Kong dollars[1]	2,491	3,554
New Zealand dollars	1,458	1,279
Singapore dollars	1,265	3,795
Japanese yen	696	993
Chinese renminbi	621	1,219
Other	560	280
Pounds sterling	248	3,084
US dollars	235	568
	19,812	28,525

[1] Included in the Hong Kong dollars cash balance is £2 1m (2008 £2 2m) of restricted cash held on deposit as security against the Chinese renminbi bank loan Refer to note 14 for further details of this loan

All financial assets, as detailed above, are at floating rate There is no material difference between the fair value and the carrying value of the financial assets

(ii) Currency exposures
The main functional currencies of the Group are pounds sterling, the euro and Australian dollars The Group does not have material transactional exposures because in the local entities, revenues and costs are in their functional currencies

There are no material net exposures to monetary assets and monetary liabilities

The Group has translation exposure in accounting for overseas operations and its policy is not to hedge against this exposure

(iii) Liquidity risk
The Group's overall objective is to ensure that at all times it is able to meet its financial commitments as and when they fall due Surplus funds are invested on short-term deposit Short-term flexibility is achieved by overdraft facilities, if appropriate

(iv) Interest rate risk
The Group manages its cash funds through its London Corporate Head Office and does not actively manage its exposure to interest rate fluctuations Surplus funds in the United Kingdom earn interest at a rate linked to the Bank of England base rate Surplus funds in other countries earn interest based on a number of different indices, varying from country to country

NOTES TO THE GROUP ACCOUNTS

CONTINUED/

16. Derivatives and other financial instruments continued

(v) Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables and investments The Group's credit risk is primarily in respect of trade receivables

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group The Group has adopted a policy of only dealing with counterparties that are deemed creditworthy and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults The Group transacts with entities that are considered to have adequate credit ratings This information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major customers The Group's exposure and the credit ratings of its counterparties are continuously monitored Credit exposure is controlled by counterparty limits that are reviewed and approved by management

Trade receivables consist of a large number of customers, spread across industry sectors and geographical locations In a number of territories in which the Group operates, particularly in the contract and interim businesses, invoices are contractually payable on demand Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased

The Group does not have any significant credit risk exposure to any individual counterparty

Balances which are considered uncollectable either in part or for the whole amount are written down on a specific basis The amount of the write-down takes into account an estimate of the recoverable cash flows, nature of counterparty, past due date, geographical area, the costs of recovery and the fair value of any guarantee received

The maximum exposure of credit risk for trade receivables is represented by their carrying value, net of impairment

Out of trade receivables totalling £49 4m at 31 December 2009 (2008 £51 6m), balances totalling £35 3m (2008 £35 5m) are not due The amount of trade receivables past due up to one month are £11 4m (2008 £13 6m) and past due greater than one month are £2 7m (2008 £2 5m) The amount of trade receivables outstanding by more than 90 days from invoice date at 31 December 2009 was £0 5m (2008 £0 7m) The level of bad debt provision at 31 December 2009 was £0 9m (2008 £1 2m)

(vi) Financial liabilities
The Group finances its operations through a mixture of retained earnings and also has a renminbi loan, which was taken out in 2008 and a three-year committed pounds sterling sales financing facility entered into in August 2009 The average effective interest rate for 2009 on the sales financing facility approximates to 5 5% and is determined upon the lenders published rate plus 2 5% As the rates are floating, the Group is exposed to cash flow risk Further details in respect of these loans are disclosed in note 14 to the accounts

The Group's sensitivity to foreign currency has decreased during the year as repayments have been made on the bank loans Trade and other payables are settled within normal terms of business and are payable in less than 120 days

17. Share capital

	2009 Number	2008 Number	2009 £'000	2008 £'000
Authorised				
Ordinary shares of 20p each	**200,000,000**	200,000,000	**40,000**	40,000
Allotted, called-up and fully paid				
Ordinary shares of 20p each	**85,168,703**	85,168,703	**17,034**	17,034

There were no movements in share capital during the year

The Company has one class of ordinary shares which carry no right to fixed income

18. Share options

Equity settled share option plan

As at 31 December 2009 the following options had been granted and remained outstanding in respect of the Company's ordinary shares of 20p each under the Company's Executive Share Option Scheme and SAYE Option Scheme

	Share options granted	Price granted (p)	Exercisable From	Exercisable To
IPO Options – Super	11,866	170	July 2005	June 2010
Executive Options	11,690	92	September 2006	August 2013
Executive Options	207,581	103	June 2007	May 2014
Executive Options	250,000	102	May 2008	May 2015
Executive Options	821,536	135	December 2008	December 2015
Executive Options	672,705	244	July 2009	July 2016
Executive Options	1,900,000	244	July 2010	July 2016
Executive Options	52,295	240	September 2009	September 2016
Executive Options	1,541,079	363	June 2010	June 2017
Executive Options	1,764,000	139	February 2011	February 2018
Executive Options	15,000	127	June 2011	June 2018
SAYE Options	462,150	128	May 2011	November 2011
Executive Options	1,949,000	92	March 2012	May 2019
	9,658,902			

The movements within the balance of share options are indicated below, as well as a calculation of the respective weighted averages for each category of movement and the opening and closing balances

	2009 Options	2009 Weighted average Exercise price (£)	2008 Options	2008 Weighted average Exercise price (£)
At 1 January	8,148,366	2 15	6,339,511	2 46
Granted during the year	1,974,000	0 92	2,456,150	1 37
Forfeited during the year	(275,000)	2 10	(607,295)	2 38
Exercised during the year	(188,464)	1 35	(40,000)	1 03
At 31 December	**9,658,902**	**1.91**	8,148,366	2 15

The weighted average share price at the date of exercise for share options exercised during the period was £1 97 The options outstanding at 31 December 2009 had a weighted average remaining contractual life of 7 years and a value of £1 91

There were 2,027,673 options already exercisable at the end of the year

The inputs into the stochastic model are as follows

	Executive Options 2009	Executive Options 2008	Executive Options 2007	Executive Options 2006	SAYE Options 2008
Weighted average share price	£0 83	£1 50	£3 65	£2 44	£1 75
Weighted average exercise price	£0.92	£1 39	£3 63	£2 46	£1 28
Expected volatility	41 6%	41 9%	39 4%	39 0%	41 0%
Expected life	4	4	6	6	3 25
Risk free rate	2 3%	4 5%	5 7%	4 8%	4 1%
Expected dividend yield	5 7%	3 1%	1 1%	1 4%	2 7%

Expected volatility has been calculated over the period of time commensurate with the expected award term immediately prior to the date of grant The expected life used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

Exercise of the Executive Share Options is subject to the achievement of a percentage increase in earnings per share which exceeds the percentage increase in inflation by at least an average of 8% per annum, over a period of three financial years of the Group On satisfaction of these performance targets, 33 33% of the options vest Vesting then increases progressively with the Executive Options fully vesting where earnings per share growth matches the UK retail price index plus an average of 14% per annum

1,900,000 Executive Options were issued on 30 June 2006 in accordance with one-off performance conditions, whereby the terms were varied such that the period of vesting was four years instead of three years, and the percentage required for full vesting was 16% rather than 14%

NOTES TO THE GROUP ACCOUNTS

CONTINUED/

18 Share options continued

The SAYE Option Scheme enables UK permanent employees to use the proceeds of a related SAYE contract to acquire options over ordinary shares of the Company at a discount of up to 20% of their market price Options granted under the scheme can normally be exercised during a period of six months starting on the third anniversary of the start of the relevant SAYE contract Exercise of an option is subject to continued employment

Equity settled Performance Share Plan (PSP)

As at 31 December 2009 the following Share Awards had been granted and remained outstanding in respect of the Company's ordinary shares of 20p each under the Company's Executive PSP Scheme

The movements within the balances of Share Awards and Co-investment Awards are indicated below

	2009			2008		
	Share Awards	Co-investment Awards	Total	Share Awards	Co-investment Awards	Total
At 1 January	2,972,601	877,778	3,850,379	2,110,564	540,309	2,650,873
Granted during the year	2,589,360	604,429	3,193,789	2,131,397	802,225	2,933,622
Vested during the year	(367,063)	–	(367,063)	(1,085,295)	(409,134)	(1,494,429)
Lapsed during the year	(120,856)	–	(120,856)	–	–	–
Forfeited during the year	(366,262)	(35,186)	(401,448)	(184,065)	(55,622)	(239,687)
At 31 December	**4,707,780**	**1,447,021**	**6,154,801**	2,972,601	877,778	3,850,379

The options outstanding at 31 December 2009 had a weighted average remaining contractual life of 20 months (2008 22 months) No Awards expired during the year (2008 nil)

The inputs into the stochastic model are as follows

	2009	2008	2007	2006
Weighted average share price	£0 83	£1 50	£3 65	£2 44
Weighted average exercise price	nil	nil	nil	nil
Expected volatility	48 1%	42 0%	31 8%	33 0%
Expected life	3	3	3	3
Risk free rate	1 65%	4 4%	5 8%	4 8%
Expected dividend yield	5 7%	3 1%	1 1%	1 4%

Expected volatility was calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant The expected life used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

Under the terms of the PSP the number of shares receivable by Executive Directors for a nominal value is dependent upon the total shareholder return (TSR) and the earnings per share (EPS) growth over the three-year period from the initial date of grant In the case of Co-investment Awards, the continued ownership of qualifying shares in the Company is also required As such it is not possible to determine the interests of the individual Directors prior to the completion of the vesting period, although no shares will vest if the TSR performance does not at least equal the performance of the FTSE Small Cap Index or the EPS compound annual growth exceed 8% For all of the PSP shares to vest, the TSR must exceed the FTSE Small Cap Index by a compound 12 5% per annum and the EPS compound annual growth must also exceed 14%

The Group recognised a credit of £216,000 (2008 expense of £3,513,000) during the year in respect of equity-settled share-based payment transactions and an expense of £281,000 (2008 £459,000) in respect of cash-settled share-based payment transactions

19. Reserves

The other reserves of the Group include a merger reserve of £83,379,000 (2008 £83,379,000), a capital reserve of £9,301,000 (2008 £9,301,000), capital redemption reserve of £624,000 (2008 £624,000) and a capital contribution reserve of £44,000 (2008 £44,000)

The own shares are held by an employee benefit trust (EBT) to satisfy the potential share obligations of the Group The Company also has an obligation to make regular contributions to the EBT to enable it to meet its financing costs Rights to dividends on shares held by the EBT have been waived by the trustees Charges of £13,000 (2008 £12,000) have been reflected in the Consolidated Income Statement in respect of the EBT

The number and market value of own shares held at 31 December 2009 was 7,609,189 (2008 6,265,327) and £16,189,000 (2008 £6,391,000) The number and market value of treasury shares held at 31 December 2009 was 8,497,075 (2008 8,497,075) and £18,078,000 (2008 £8,667,000)

20. Notes to the cash flow statement

	2009 £'000	2008 £'000
Operating profit	**1,578**	18,642
Adjustments for		
Depreciation and amortisation charges	3,381	2,915
Loss on disposal of property, plant and equipment	321	42
Gain on disposal of investments	(20)	–
Movement in share scheme balance	(216)	3,566
Operating cash flows before movements in working capital	**5,044**	25,165
Decrease in receivables	1,184	10,368
Increase (decrease) in payables	1,724	(5,984)
Cash generated from operating activities	**7,952**	29,549

21. Reconciliation of net cash flow to movement in net cash

	2009 £'000	2008 £'000
Decrease in cash and cash equivalents in the year	**(7,892)**	(1,228)
Cash outflow from decrease in bank loans	3,363	3,786
Foreign currency translation differences	(372)	4,019
Movement in net cash in the year	**(4,901)**	6,577
Net cash at beginning of year	22,172	15,595
Net cash at end of year	**17,271**	22,172

Net cash is defined as cash and cash equivalents less bank loans

22. Commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2009 £'000	2008 £'000
Within one year	7,034	5,211
In the second to fifth years inclusive	7,554	9,409
After five years	498	270
	15,086	14,890

The Company has no finance lease commitments (2008 £nil)

There are no capital commitments for the Group or the Company (2008 £nil)

23. Related party transactions

There were no related party transactions in the year to 31 December 2009 (2008 £nil) except as disclosed in the Report of the Remuneration Committee

24. Contingent liabilities

Each member of the Robert Walters plc Group is party to joint and several guarantees in respect of banking facilities granted to Robert Walters plc

The Company has no other contingent liabilities as at 31 December 2009 (2008 £nil)

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Investments	26	187,935	188,151
Current assets			
Trade and other receivables	27	901	2,218
Total assets		**188,836**	190,369
Current liabilities			
Trade and other payables	28	(102,619)	(93,041)
Bank loans	29	-	(4,339)
Net current liabilities		**(102,619)**	(97,380)
Net assets		**86,217**	92,989
Equity			
Called-up share capital	30	17,034	17,034
Share premium account	31	20,586	20,586
Capital redemption reserve	31	624	624
Own shares held	31	(12,763)	(9,664)
Treasury shares held	31	(18,865)	(18,865)
Retained earnings	31	79,601	83,274
Shareholders' funds	31	**86,217**	92,989

The accounts on pages 44 to 46 were approved by the Board of Directors on 3 March 2010 and signed on its behalf by

Alan Bannatyne
Group Finance Director

NOTES TO THE COMPANY ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

25. Accounting policies

The principal accounting policies of the Company are summarised below and have been applied consistently in all aspects throughout the current year and the preceding year

(a) Basis of accounting
The separate financial statements of the Company are presented as required by the Companies Act 2006

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and law

(b) Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date Exchange differences arising on translation of the opening net assets and the results of overseas operations are dealt with through reserves

(c) Investments
Investments are shown at cost less provision for impairment where appropriate

26. Fixed asset investments

	Total £'000
Cost	
At 1 January 2009	188,151
Decrease in the year due to equity incentive schemes	(216)
At 31 December 2009	**187,935**

Please refer to note 11 for a list of Company's principal investments

27. Trade and other receivables

	2009 £'000	2008 £'000
Amounts due from subsidiaries	**901**	2,218

28. Trade payables and other payables amounts falling due within one year

	2009 £'000	2008 £'000
Accrued interest payable	–	37
Amounts due to subsidiaries	102,619	93,004
	102,619	93,041

29. Bank loans

	2009 £'000	2008 £'000
Bank loans current	–	4,339
Bank loans non-current	–	–
	–	4,339

A euro denominated bank loan was taken out on 8 November 2006 at a fixed interest rate of 5 36% per annum and thus exposed the Group to fair value interest rate risk, currency risk being addressed by the Group's European operations The initial value was £5 0m and the final repayment was made in June 2009

A pounds sterling denominated bank loan was taken out on 8 November 2006 at a fixed interest rate of 6 94% per annum and thus exposed the Group to fair value interest rate risk The initial value was £5 0m and the final repayment was made in June 2009

NOTES TO THE COMPANY ACCOUNTS

CONTINUED/

30. Called-up share capital

	2009 Number	2008 Number	2009 £'000	2008 £'000
Authorised				
Ordinary shares of 20p each	**200,000,000**	200,000,000	**40,000**	40,000
Allotted, called-up and fully paid				
Ordinary shares of 20p each	**85,168,703**	85,168,703	**17,034**	17,034

There were no movements in share capital during the year

The Company has one class of ordinary shares which carry no right to fixed income

31. Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares held £'000	Treasury shares held £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2009	17,034	20,586	624	(9,664)	(18,865)	83,274	92,989
Own shares purchased	–	–	–	(3,542)	–	–	(3,542)
Movements in equity in respect of share incentive schemes	–	–	–	443	–	(405)	38
Profit for the year	–	–	–	–	–	76	76
Dividends paid	–	–	–	–	–	(3,344)	(3,344)
Balance at 31 December 2009	**17,034**	**20,586**	**624**	**(12,763)**	**(18,865)**	**79,601**	**86,217**

The Company has elected not to present its own profit and loss account as permitted by Section 408 of the Companies Act 2006

Robert Walters plc reported a profit for the year of £0 1m (2008 £23 5m)

£38 9m of the retained earnings of the Company represents distributable reserves

Details of the proposed final dividend are provided in note 6 to the accounts

Details of Treasury and own shares held are disclosed in note 19 to the accounts

32. Commitments

The Company has no finance lease commitments (2008 £nil)

There are no capital commitments for the Company (2008 £nil)

33. Related party transactions

There were no related party transactions in the year to 31 December 2009 (2008 £nil) other than as disclosed in the Report of the Remuneration Committee

34. Contingent liabilities

The Company has no other contingent liabilities as at 31 December 2009 (2008 £nil)

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