

CROSS POLLINATION

Making the right connections

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Christie Group provides a portfolio of over 40 professional business services for the leisure, retail and care sectors.

These include surveying, valuation, agency, consultancy, finance, insurance, stock control and business software solutions.

Our focus on a limited number of sectors gives us an unrivalled market awareness in each of these areas.

The results: a greater understanding of our clients' operations and a heightened ability to help them improve efficiency, enhance trading profits and increase the value of their businesses. In these ways, and through our innovative use of technology, we have built a reputation for making a significant contribution to our clients' commercial success.

Professional Business Services

The expertise offered by Christie + Co, Christie Finance and Christie Insurance covers all aspects of valuing, buying, selling, developing, financing and insuring a wide variety of businesses. Its scope is complemented by the comprehensive appraisal and project management services available from Pinders.

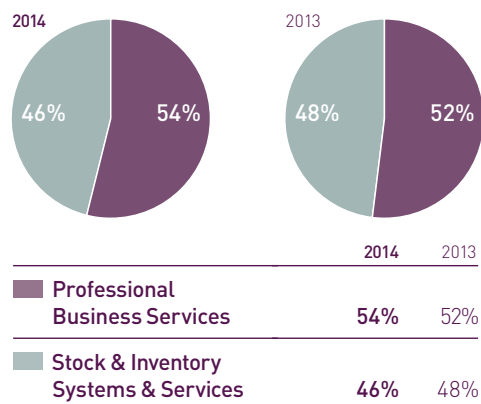
Stock & Inventory Systems & Services

Orridge and Venners are the leading specialists in stock control and inventory management services. Orridge specialises in all fields of retail, Venners focuses on the hospitality sector and Vennersys provides software and systems to the leisure and hospitality sectors.

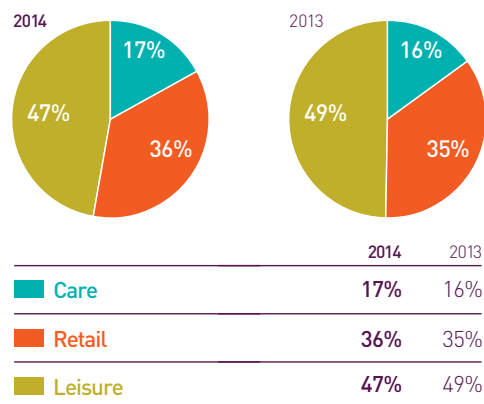
Highlights of the year

- Revenue growth of 12.7% to £61.0m (2013: £54.2m)
- Operating profit more than doubled to £3.7m (2013: £1.6m)
- Earnings per share increased to 9.34p per share (2013: 0.82p per share)
- Proposed final dividend up 50% to 1.5p per share (2013: 1.0p per share).
Total dividend 2.25p per share (2013: 1.5p per share)
- Retail stocktaking market has experienced strong pricing pressure
- Buoyant corporate transactional activity driving growth in Professional Business Services
- Double-digit asset value growth in most of our market sectors
- Christie + Co awarded 'UK's most active agent' in the Leisure and Hotels category by the Estates Gazette for the fifth year in succession

REVENUE BY DIVISION



REVENUE BY SECTOR



Chairman's statement

I am delighted to report an operating profit before exceptional items of £3.7m for the year ended 31 December 2014 (2013: £1.6m), achieved from revenue of £61.0m (2013: £54.2m), an increase of 12.7%.

This was primarily due to a resurgence in corporate transactional activity and related advice - our third year-on-year increase in operating profit before exceptional items. As a result, the Group generated cash in the year of £2.1m.

Stock & Inventory Systems & Services

Revenue for the division increased by 7.4% to £27.8m (2013: £25.9m). £0.8m of this increase in revenue was attributable to a full year's revenue from our German-based stocktaking operation, which we acquired in September 2013.

Having incurred the effects of reorganising our German business - a significant factor in reporting divisional operating profit of £0.2m (2013: £1.1m) - we now have the capacity to undertake double the current volumes there, positioning us to take advantage of growth opportunities in the central and eastern European region.

The UK retail stocktaking market supply has gone through a period of strong margin pressure. We have not been immune from the consequences. We believe we have the lowest cost base of any national operator, whilst also delivering a high level of accuracy.

Our hospitality stocktaking business continued its growth. We also enjoyed further take-up of other services such as Health & Safety and Compliance Audits, and growth in consultancy, particularly in the food area.

Professional Business Services

The PBS division had an excellent year, with revenue of £33.2m representing growth of 17.5% on the previous year (£28.3m). The result was operating profit of £3.3m (2013: £0.9m before exceptional items).

For the fifth year in succession, Christie + Co has been voted the UK's most active hotel and leisure agent by the Estates Gazette. Our corporate hotel transactions in 2014 have been well reported. Encouragingly, our private client derived profits grew in proportion. As average business values increased, so too did our commission income. We have increased staff numbers to take advantage of the upturn. New staff are not instantly productive and increased income should materialise from H2 onwards.

Our medical sector work grows apace. We have built a pipeline of dental practice sales for completion this year.

Strong demand for business valuations and a relative shortage of skilled practitioners saw a sustained rise in fees at both Pinders and Christie + Co.

With commercial building activity strong, our building surveying team were very busy throughout the year.

Our Germanic and Scandinavian markets are sound. We are seeing recovery in Spain. France continues

to be a more difficult economy. The relative weakness of the euro is likely to encourage further international investment into eurozone assets in the period ahead. We should benefit from such activity.

Outlook

The results for 2014 were ahead of expectations. For this I thank your management and staff and our loyal and growing client base.

We look forward to continued growth for 2015. Inevitably the election will disrupt the markets in some way. Thereafter activity should resume in what are fundamentally attractive markets into which we provide essential demand driven services.

Your board recommend a final dividend of 1.5p per share (2013: 1.0p), a total of 2.25p for the year (2013: 1.5p) and a 50% increase above the prior year. If approved the dividend will be paid on 3 July 2015 to those shareholders on the register on 5 June 2015.



Philip Gwyn
Chairman
30 March 2015



As average business values increased, so too did our commissions income. We have increased staff numbers to take advantage of the upturn.



We operate in what are fundamentally attractive markets into which we provide essential demand driven services.

“The results for 2014 were ahead of expectations – primarily due to a resurgence in corporate transactional activity – and we look forward to continued growth in 2015.”



Chief Executive's review

The Group has emerged from the economic downturn in a stronger market position. We are growing revenue, have increased profitability and strengthened earnings.

Fitter, leaner, stronger

With the UK back on a path to growth Christie Group's market position this year is stronger than ever. We have increased revenue, are generating strong earnings and, importantly, play an increasingly pivotal role in the sectors we serve.

This is no accident.

Our adaptability has been key. We work hard to keep the business aligned with changing customer priorities.

The wisdom in this Group has been hard earned over several macro-economic cycles. Our philosophy has always been to make the most of difficult economic periods. Rather than marking time we have invested in our future.

In the most recent downturn we focused on operational efficiency. We delivered cost improvements through incremental steps and transformational leaps. We found ways to improve our scalability. We adopted technological solutions that have changed the way we worked. We initiated organisational changes.

At the same time, we made sure we retained our core capabilities. We therefore held back from some cost-cutting measures despite the impact on short-term profitability.

As a result, we are now extremely well placed to benefit from the upturn in market activity.

In-depth market insight

Christie Group services relate to the entire lifecycle of a business – from initial acquisition, through day-to-day operations, all the way to an eventual sale. We provide specialist business intelligence in the retail, care, leisure and hospitality sectors. The range of our operations keeps us close to our customers and helps us understand their changing requirements over time.

Our organisational structure targets stable earnings from services that enhance operational efficiency with transaction-related services that tend to be more market-sensitive.

We aim to steer away from purely commoditised services in order to deliver bespoke solutions that add value for our clients and cannot be undercut by our competitors.

Our competitive edge is based on knowledge. We have always made it a priority to understand the sectors we serve in great detail. We act as problem solvers and aim to develop products, services and advice rooted in the specifics of customers' experiences.

In-depth expertise and service excellence are the common threads that link all our companies.

In tough times, high quality expertise comes into its own. Those customers who have worked with us before have direct experience of the value we can add to their businesses. We have forged

strong links with banks and private equity houses.

Performance across the year

Christie Group companies worked very hard through the recession, widening our client base, increasing our network, growing our service lines, developing our systems and nurturing talent.

We are now benefitting in the UK's economic recovery. Our clients' businesses are in discretionary sectors, seeing revenue and profits rise. The value of their businesses is growing. The funders supporting our clients' growth want more regular information on their recipient businesses, relative performances, market value and potential value.

Professional Business Services

Property valuations improved as confidence flowed back into the market. Valuations in our specialist sectors benefitted from healthier trading conditions. There was double-digit growth in many of our sectors with some improving by as much as 20 per cent. Volumes also increased although they still remain some distance below their pre-crisis levels.

Both fees and advisory income were boosted by buoyant market conditions but there is still scope for improvement. Transaction volumes are currently at just half the level we saw before the financial crisis. Volumes are likely to increase and we will benefit accordingly.

Our ancillary services also moved forward this year. The finance and the insurance businesses are valuable profit centres in their own right, but they also extend our connectivity with our clients. They allow us to forge more connections



We build strong networks by focusing on deepening coverage as well as extending our reach.



In-depth expertise and service excellence are the common threads that link all our companies.

“We have worked hard to benefit from the economic recovery. Our adaptability has been key. We are growing revenue, have increased profitability and strengthened earnings. We continue our European expansion.”





Transaction volumes are likely to increase and we will benefit accordingly.

with our transactional customers and develop better insights into their businesses. Indeed, the quality of our finance business was recently recognised by a commendation in the Commercial Mortgage Introducer of the Year category at The 2015 Business Moneyfacts Awards.

Pinders, our appraisal and survey business, is growing in scale and returning solid profits. We are finding that growing numbers of, particularly, institutional clients are commissioning surveys to smooth the selling process. Buyers often make use of these reports in their purchasing decisions. Increasingly, following successful conclusion of the transactions, the buyers return to Pinders to commission technical reports that complement the original surveys.

Regional structures support business objectives

We regionalised the business last year to align it more closely with our customers. The new structure helps bridge the gap between small-scale local and top-tier corporate clients. It has made it easier to forge connections with the many mid-tier clients who are so important to the Group.

A year on, it is evident that the new structure has improved the way the business is managed and enhanced our profitability.

Stock & Inventory Systems & Services

Some five years ago now, we devised and adopted an internal strategy to target food retailers as customers. They hold a large number of product lines which they turn over rapidly. To date,

the nature and value of most items they sell are not suitable for RFID tagging and require manual scanning.

This strategy continues to pay off as our expertise in the supermarket and convenience store sector is acknowledged both in the UK with the likes of Morrison and Coop Food, and on the continent through franchises like Carrefour.

The growth in bricks and clicks retailing is driving demand for stocktaking at more points in the supply chain. Increasingly, retailers' business models are built on cohesive, well-controlled supply chains. They need to identify best-selling lines in real time and monitor the ebbs and flows in the delivery chain. For these reasons, we have established a separate Supply Chain Optimisation Division.

Overall, this is a very margin-led business so it is vital to build a sound organisational structure that can operate cost-effectively. Orridge has been transforming systems and processes to make its new German business competitive in the Germanic region.

Our food consultancy service expanded to include advice on allergen content as part of menu planning and margin control. Every food business needs a set of controls. Many are discovering that external supervision and enforcement of controls can be more effective and consistent.

Operating in the digital space

With information more readily available, knowledge is the true market differentiator. Being able to codify and

share that knowledge creates a powerful asset for the business going forward.

We are centralising all our data repositories and are becoming much more rigorous about compiling data, while respecting client confidentiality and data protection laws. We are also developing specialist software, in healthcare for instance, to mine and present this data.

Our database contains highly detailed, in-depth information. It has a range of applications. For instance, we can analyse the precise cost structure for specific business categories in each of our trade sectors. For private equity clients this could be used to benchmark performance, identify best practice or determine profitability for valuation purposes. For banks we can reference our data to establish whether a potential borrower has a viable business model.

Digital first and omni-channel distribution

Online distribution has long since moved into the mainstream. The issue today is ensuring that we are on the right platforms to reach our audiences.

We estimate that 50 per cent of our transactional business is initiated via mobile. The web remains very important for us, but traditional media marketing is no longer a major driver.

However, it is still very important to build brand awareness. We invest significantly in digital marketing and allocate substantial resources to brand building on the internet.



Christie Group has emerged stronger from the recession. We have broadened the scope of our services. We are better able to operate internationally and at scale.

Collaboration and client-centric operations

Our research indicates that our clients want us to listen to their needs and build offerings to suit their specific requirements. We are therefore repositioning all our businesses to make them more customer-centric.

We aim to move towards a way of working that recognises no fixed boundaries between specialisms, geographies or businesses. Instead, all our people work together to further client interests.

Already we are using the internet to deploy human capital more efficiently. Rather than having spare capacity sitting idle in every jurisdiction, we allocate team members depending to each client's requirements. In some cases, this also allows us to tailor personnel to the client's needs.

We are increasingly taking on business that combines specialisms. We are often asked to marry up, say, a financial investor with an operator. In creating these packages we place ourselves at the centre of the transaction. These kinds of interventions allow us to differentiate ourselves and add additional value to our clients.

Looking ahead

Christie Group has emerged stronger from the recession. We have broadened the scope of our services. We are better able to operate internationally and at scale. Our expertise and operational capabilities are widely recognised in an increasingly professionalised market.

We have extended our client base and are now advising on much bigger

portfolios. Our international presence and expertise has paid dividends. We have numerous pan-European clients.

Christie Group is a strong, sustainable business founded on knowledge, exceptional service and operational excellence. We shall continue to meet customer priorities and build on our strengths.

David Rugg
Chief Executive
30 March 2015

Our strategy

Our strategy is to develop our businesses in ways which guarantee a resilience that will create growth and sustainable value for all our stakeholders.

Focusing rigorously on our core sectors: We maintain a rigorous focus on strengthening our capabilities within our core sectors. This disciplined approach aligns our activities with clients' interests and creates more opportunities to extend our services and broaden our client base.

Developing our international reach: Our divisions provide portfolios of interconnected services to facilitate our clients' business activities in the UK, Continental Europe and North America. Our risks and opportunities are increasingly diversified across economies, market sectors and the services we offer.

Maximising our synergies: Individually, our companies acquire in-depth understanding in their chosen markets. Together, they have the resources to deliver services and skills which are highly complementary. They can add more value when they combine their strengths on behalf of our clients.

Flexible approach: We aim for flexibility in the way we meet our clients' needs. In these changing and challenging times, we consider one of our key strengths to be the ability to adapt our resources and services to meet the ever-changing demands of the marketplace.



Creating sustainable value:

The Christie Group has been able to distinguish itself and gain market share by developing a range of demand services for our clients.

This has been achieved by nurturing and creating a talent among the group to collaborate and inspire – and to spot the opportunities in the market place. This has allowed us to create value and opportunity for all our stakeholders: clients, investors, equity markets and employees.



Our brands

Professional Business Services



Christie + Co is a leading specialist firm providing business intelligence in the hospitality, leisure, care and retail sectors. A market leader in its sectors, it employs the largest teams of sector specialists in the UK providing professional agency and advisory services.

www.christie.com www.christiecorporate.com



Christie Finance has over 30 years' experience in financing businesses in the hospitality, leisure, care and retail sectors. Christie Finance prides itself on its speed of response to client opportunities and its strong relationships with finance providers.

www.christiefinance.com



Christie Insurance, with over 30 years' experience arranging business insurance in the hospitality, leisure, care and retail sectors, Christie Insurance is a leading company in its markets. It delivers and exceeds clients' expectations in terms of the cost of their insurance and the breadth of its cover.

www.christieinsurance.com



Pinders is the UK's leading specialist business appraisal, valuation and consultancy company, providing professional services to the licensed, leisure, retail and care sectors, and also the commercial and corporate business sectors. Pinders staff use business analysis and surveying skills to look at the detail of businesses to arrive at accurate assessments of their trading potential and value.

www.pinders.co.uk www.pinderpack.com

Stock & Inventory Systems & Services



Orridge is Europe's longest established stocktaking business and specialises in all fields of retail stocktaking including high street, warehousing and factory operations. Orridge prides itself on the speed with which it supplies high-quality management information to its clients.

www.orridge.co.uk www.orridge.eu



Venners is the leading supplier of stocktaking, inventory, consultancy services and related stock management systems to the hospitality industry. Venners is the largest and longest established stock audit company in the sector in the UK and is growing in mainland Europe.

www.venners.co.uk



Vennersys operates in the UK and North America and delivers turnkey EPoS and ticketing systems to visitor attractions such as historic houses and estates, museums, zoos, safari parks, aquaria and cinemas. It has over 20 years' experience delivering purpose-designed solutions for clients' ticketing, admissions, EPoS and food and beverage sales requirements.

www.vennersys.co.uk www.vennersys.ca

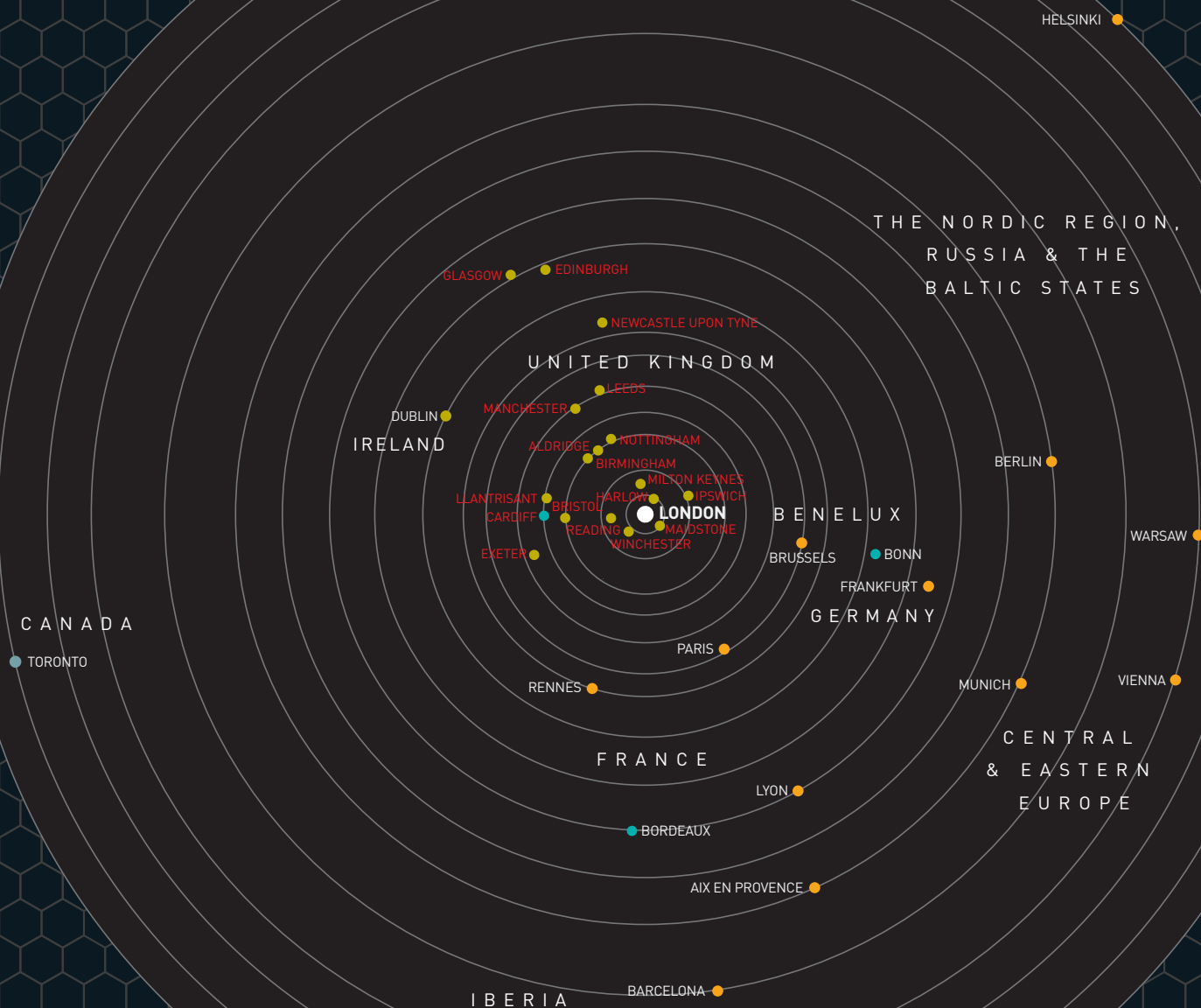
Where we are

Offices

44 offices across the UK and Continental Europe, and in Canada.

Employees

Employing over 3,600 professional and specialist staff.

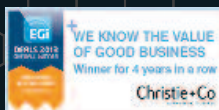


Developing opportunities

Focus on our core sectors and clients: Our businesses focus on the needs of our clients and how best we meet their particular requirements. By adopting this approach we are able to maximise the opportunities that we identify for the mutual benefit of ourselves and our customers. 2014 saw us achieve record levels of transactions in our hotel sector, as our ability to provide a variety of strategic transactional and advisory services with a coordinated and consistent client-focused approach made us the natural point of contact whether for a local standalone deal or a major European portfolio transaction.

£500m

42 hotels were sold by Christie + Co in a single week in 2014, with a total value exceeding £500m.



THE PROJECT STORY: Christie + Co, acting on behalf of Rocco Forte Hotels, successfully identified a purchaser to acquire Manchester's prestigious Lowry Hotel. After considerable interest and multiple offers from varied buyer groups, US-based Westmont Hospitality Group and its investment partner Mount Kellett Capital Management acquired the renowned hotel in July for a sum exceeding its asking price.





17%+

Average hotel prices increased by more than 17% in 2014.



Holiday Inn

THE PROJECT STORY: Christie + Co advised on the sale of 21 Holiday Inn hotels by LRG Holdings Ltd to Kew Green Holdings Ltd for a price significantly above the £70m guide price. On completing the acquisition from LRG, Kew Green brought its portfolio of Holiday Inns to 40 making it Intercontinental Hotel Group's largest Holiday Inn franchise partner in Europe.

“Anyone looking to acquire a major portfolio needs to understand the value of each individual asset, the potential growth, and the likely speed of disposal for those that will not be retained. Christie + Co is able to provide all the answers. As the dominant expert in our sectors, we were invariably appointed to advise the major deal participants.”

Chris Day, Christie + Co Managing Director



THE PROJECT STORY: Christie + Co completed the sale of six UK golf resorts on behalf of the Board of De Vere Group. The portfolio consisted of 850 guest rooms, over 20 restaurants and bars, 8 championship golf courses and 3 nine hole courses in a highly competitive off-market sales process for an undisclosed sum in the region of £160m which included De Vere Resorts ownership comprising 184 timeshare and rental lodges.

Innovating collaboration

Maximising our synergies, there's a knack to getting things done. Some think it's about being in the right place at the right time. Some think it's about luck. Others think it's about doing what they've always done.

We know success is built on making the right connections and using them flexibly to meet your specific needs. That way you're able to powerfully collaborate with innovators, experts and specialists to achieve the perfect results.

We've been providing market-leading, innovative advice to clients for over 80 years. Our team of sector specialist advisers, chartered surveyors, brokers and consultants support owners, operators, investors and backers to make informed decisions with confidence.

30 Languages spoken across the Group.

Albanian	Flemish	Romanian
Arabic	French	Russian
Austrian	German	South African
Bengali	Greek	Spanish
Brazilian	Gujarati	Swedish
Bulgarian	Hindu	Turkish
Colombian	Irish	Ukrainian
Danish	Italian	Urdu
Dutch	Mandarin	
English	Polish	
Ethiopian		
Finnish		



5,500

- Over 5,500 businesses valued in 2014 by Christie + Co and Pinders
- Christie + Co provided strategic advice in 2014 with a value of £8bn
- Average business values in our sectors increased by 10.8% in 2014

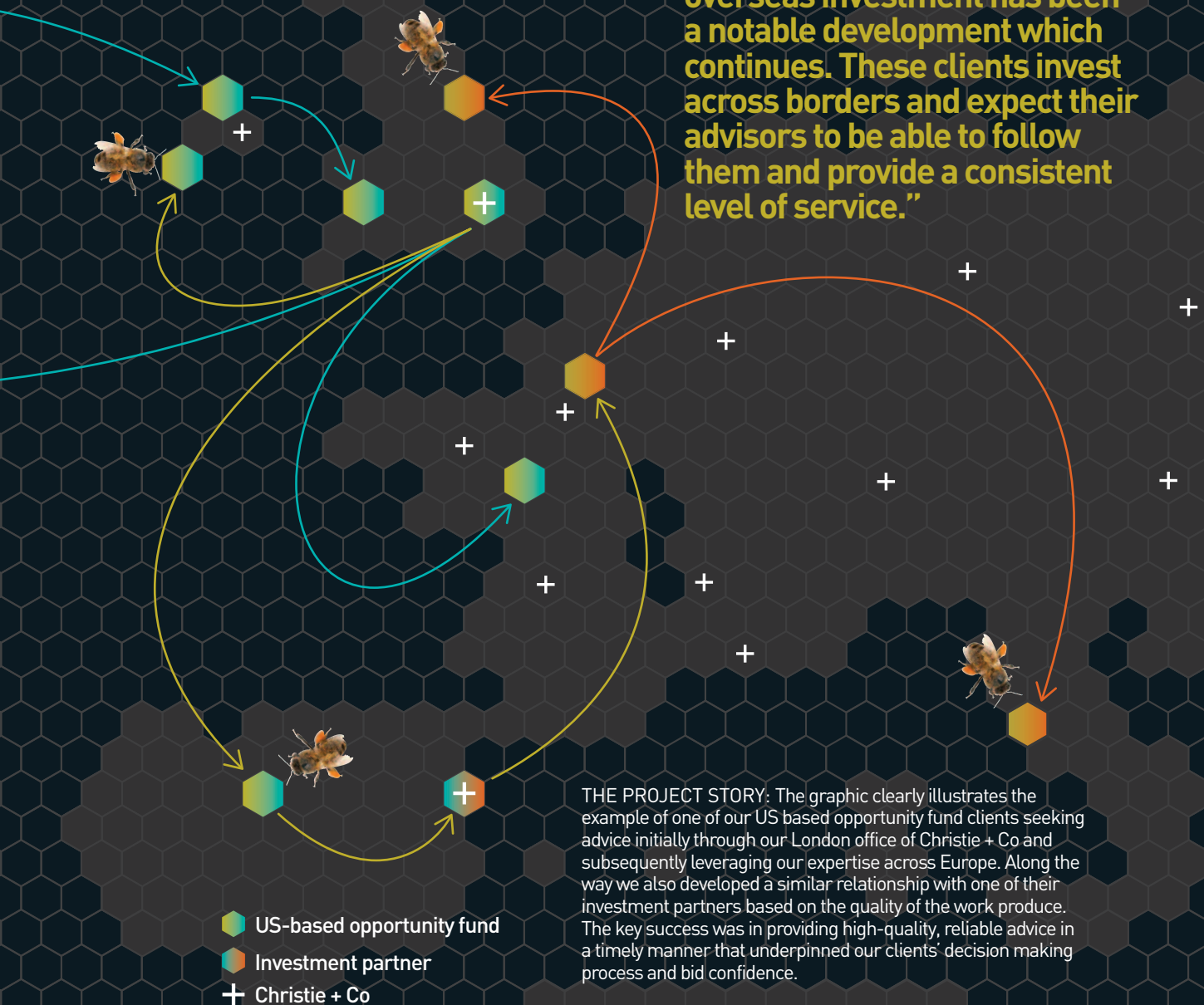
THE PROJECT STORY: Christie + Co successfully brokered the sale of eleven QMH UK hotels for an undisclosed sum to Marathon Asset Management, after a highly competitive sales process. The nationwide portfolio consisted of 3 Crowne Plaza hotels, seven Holiday Inn hotels and one Best Western PLUS with approximately 2,000 bedrooms and represented a rare opportunity to acquire a ready-made portfolio of hotels with a profitable trading profile.

44 Offices across the UK, Continental Europe and Canada.



Andreas Scriven, Christie + Co International Managing Director

“The continuing influx of overseas investment has been a notable development which continues. These clients invest across borders and expect their advisors to be able to follow them and provide a consistent level of service.”



THE PROJECT STORY: The graphic clearly illustrates the example of one of our US based opportunity fund clients seeking advice initially through our London office of Christie + Co and subsequently leveraging our expertise across Europe. Along the way we also developed a similar relationship with one of their investment partners based on the quality of the work produce. The key success was in providing high-quality, reliable advice in a timely manner that underpinned our clients' decision making process and bid confidence.

Inspiring and creating referrals

Our collection of businesses and services provide clients with an opportunity to meet a variety of their needs, throughout the full life cycle of their own business acquisition, development and disposal. Our unique group has been developed to provide clients with a range of 'demand services' that we know our clients need, where an initial opportunity often leads to multiple assignments across the group.



THE PROJECT STORY: Administrators were appointed in respect of a portfolio of hotels. As part of the Administrators' strategic review of the portfolio, Christie + Co were instructed to provide valuation advice before any potential transaction could continue, with Christie + Co's prior knowledge of the portfolio key in their own appointment. It became clear that a specialist inventory valuation was required, enabling a referral to Venners who carried out this aspect of the work.

"We've been very opportunistic where we saw a gap in the market, the market evolving or where the right person came along."

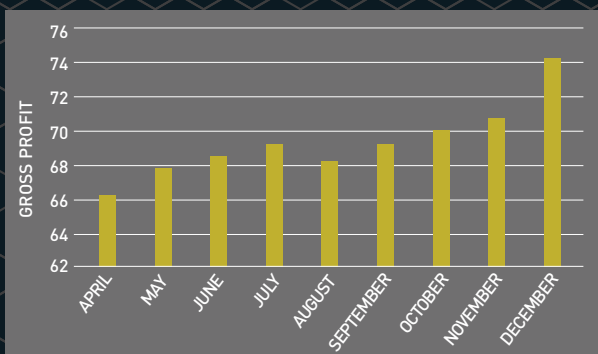
THE PROJECT STORY: In one of many instances of cross-company collaboration this year, Christie + Co introduced Christie Finance to a potential purchaser for the Galley Hall Public House near Hoddesdon, Herts. The first-time buyers – an IT director, an HR manager and the pub's current landlord – agreed a £1.2m purchase price. Christie Finance successfully secured competitive funding at 68 percent loan to value, with the lender RBS benefiting from the Bank of England's Funding for Lending Scheme. Christie + Co, Christie Finance, Pinders and Christie Insurance were all involved in delivering the transaction.



“The whole business is structured around our clients. The range of services we offer are ‘demand services’, the ones we know our clients need.”



THE PROJECT STORY: Venners' ability to deliver detailed, accurate reports and recommendations was key in helping one national hotel group add £2.8m to their gross profit. The hotel group set the Venners team a goal to deliver reliable, independent stocktake information to make their own staff accountable for fluctuations in food stocks. The hotel group saw gross profits increase from 66.2% to 74.2% in just nine months, and led to the same client awarding Venners their liquor stocktaking.



THE PROJECT STORY: When The Fragrance Shop, one of the UK's leading fragrance retailers, made the decision to outsource their stocktaking for the first time, they appointed Orridge. As Claire Christopherson, Stock Controller at The Fragrance Shop explained.

“Using external stocktakers was a first for us. We saw that Orridge could offer us a cost effective solution spanning our whole network in a short amount of time, giving us an independent view of the company stock and full visibility of internal and external shrinkage levels.”

Orridge uses the very latest wireless LAN technology to enable its teams to stocktake with speed and accuracy.

“We’re a long-term business for our clients and employees and we have long-term goals.”

Divisional review

Professional Business Services



“We experienced buoyant market conditions and advised on over £8 billion of transactions, growing both revenue and profits.”

Chris Day, Managing Director,
Christie + Co and a Christie Group Director

Christie + Co Christie + Co operates regionally, nationally and internationally and is an effective strategic partner for business buyers and sellers. We offer complete market coverage – from local standalone deals to major European portfolio transactions. We aim to be the most trusted expert and adviser in the retail, hospitality, leisure and care sectors.

We experienced buoyant market conditions in 2014, with double-digit business value growth in all our main sectors. Private equity and hedge funds pursued commercial assets and first-time buyers were increasingly active. We advised on over £8 billion of transactions and grew both revenue and profits.

The tone of the market also improved. Investors were valuing assets in terms of business potential rather than historic performance. There are more consensual sales and proportion of bank sales of distressed assets declined. For investors, banks were noticeably more willing to fund experienced operators and high quality assets.

Our regional structure builds our business around customers. We are able to deploy a combination of sector expertise and local knowledge to meet their needs. We extended the network this year with a new office in Reading covering the prosperous Thames Valley region.

With our in-depth sector understanding we are a natural point of contact for those seeking buy-side advice. In almost every deal of significant size, if we are not acting for the seller potential purchasers approach us for buy-side advice. In one major portfolio sale last year for instance, 12 of the 16 potential buyers sought our assistance.

A rapid growth in demand for hotel assets was a particular feature. The sale of 21 Holiday Inn Hotels, which we handled for LRG Holdings was typical. Kew Green acquired the portfolio after an intensely competitive bidding process. We anticipate further growth in 2015, although not at the same rate.

The vote to end the tied house system has major implications for the pub sector. The net effect of these measures is contested but what no one disputes is that this will transform the economics of pub chains and franchises. We anticipate significant restructuring in the sector with more transactional activity. This should benefit our business.

Retail and Care continued the positive upwards trend that we picked up towards the end of last year. The Care team at Christie + Co has been advising one of the UK's largest care home operators since its inception in 2011. This culminated in a £477m acquisition by a consortium of management and private investment groups.

In the UK childcare sector, Christie + Co has the largest, most experienced, specialist team of advisers and are established as the first-choice adviser for large value portfolios. In 2014, we advised on £227m of regional nursery assets.

We are seeing continued growth in our medical sector practice. We are building on our pharmacy and dentistry expertise. We are now acting for veterinary partnerships and general practitioners.

In Europe, economic uncertainty continues to constrain the domestic business, but a weaker euro and low



Healthcare property group NHP, which comprises 275 freehold care homes including the UK's third largest care provider HC-One, was acquired for £477m by Formation Capital in partnership with Safanad, a global investment principle firm, and Court Cavendish, the healthcare turnaround specialist and the management team at HC-One. Christie + Co has advised HC-One since its inception in 2011 and assisted Formation Capital in the transaction.”

valuations in these markets make them very attractive to global investors. North American investment groups are actively pursuing value in Europe, particularly in the hotel sector. They rely heavily on local knowledge. With 14 regional offices in Europe we are attuned to the vagaries and complexities of specific territories. Clients that have worked with us in one country turn to us for advice in other jurisdictions.

Our business is increasingly driven by our digital capabilities. We invest actively in data, IT infrastructure and customer relationship management systems to streamline operations, enhance service levels and optimise business relationships.

We ended the year with a strong pipeline of business for 2015. We have the resources and skills to take full advantage of improved economic conditions.



We benefit from our strong relationships with our lending principals and the UK challenger banks who are looking to build market share.



“More clients are seeking funding on a variety of projects and there is greater lender appetite for new business.”

Nick Baker, Director, Christie Finance

Christie Finance Christie Finance leverages detailed knowledge in our specialist sectors to negotiate the best possible financing packages for its customers. We work closely with Christie Group companies to identify and deliver financing structures that align with specific client needs. Our premium service commands client fees, reducing our reliance on bank commissions.

Christie Finance continued to evolve in 2014 following its 2013 restructuring into regional broker hubs. The resulting business is more cohesive with increased opportunities to share expertise and best practice. We have also enhanced our scalability.

Private and regional operators still form the core of our business. However, as Christie + Co increasingly acts for larger corporates, we often work with these companies to secure the financing they require.

Market conditions continued to improve this year. More clients are seeking funding on a wide variety of projects and there is greater lender appetite for new business in the sectors we serve.

We benefit from our strong relationships with our lending principals and have also developed strong relationships with the UK challenger banks. These are now looking to build market share. We have been rapidly developing our presence in

the “White Coat” sector through our medical finance brokerage division.

Our high-quality personnel have proven expertise. We continue to invest in external training and our staff continuing professional development.

We pride ourselves on the quality of our service. We were therefore delighted to learn in December that we had been shortlisted for the Commercial Mortgage Introducer of the Year at The 2015 Business Moneyfacts Awards for which we ultimately received a commendation.

In April, the Financial Conduct Authority (FCA) took over the regulation of Consumer Credit firms from the Office of Fair trading (OFT). In the long run, we believe this will offer consumers enhanced protection and improve our market position as a high quality brokerage business.



Christie Finance secured funding for first-time hotel buyers acquiring the freehold of The New Sussex Hotel, in Lancing. After an introduction from Christie + Co, Christie Finance were able to broker two loans to facilitate the transaction, comprising an initial remortgage of the purchasers’ investment property to raise the required deposit, which was then rolled into the deal for the purchase of the hotel itself. In addition to both Christie Finance’s and Christie + Co’s involvement, Pinders were able to provide the business valuation, Christie Insurance arranged appropriate insurance cover and Venners undertook the stocktaking on completion.

The FCA is managing somewhere in the region of 50,000 applications, and are therefore staggering this process over time. For now, we have been awarded an Interim Permission, with full FCA Authorisation expected toward the end of 2015. In the meantime, we are continuously improving our processes and procedures to ensure the best possible outcomes for our diverse customer base.



Walter Murray, Managing Director, Christie Insurance

Christie Insurance Christie Insurance is ideally placed to advise on the commercial insurance needs of Christie + Co and Christie Finance clients.

We add value by using our sector knowledge, skills and tenacity to place business quickly and efficiently. We have built our reputation on comprehensive service, placing appropriate, cost effective cover for clients.

During the year we were able to assist clients with retaining, if not the full cover for flood damage, at least some level of cover so that if the floods reoccur this year our clients have some level of protection for an event which can significantly affect a clients ability to maintain their business.

We are working with a leading provider of insurance in the petrochemical sector to access their expertise for our forecourts clients, together with other insurers to develop an insurance product to cater for Christie + Co’s position within the whitecoat sector. At the same time we are revamping our website to improve the user’s experience.

Divisional review

Professional Business Services

Looking forward, regulatory changes may have an impact on our markets. The Insurance Bill will limit insurers' ability to void claims where insured parties have made minor technical infractions. We welcome this clarification, which will help to ingrain good practice across the industry.



"Average fees have risen to more sustainable levels and our market share has grown as bank panels have reduced in size."

Justin Cain, Managing Director, Pinders

Pinders Pinders' RICS-qualified surveyors provide reporting for businesses in five broad sectors: healthcare and education, licensed trade, retail and catering, leisure and hospitality, services and manufacturing. Our reporting services fall into six main categories: appraisal and valuation, consultancy, dispute resolution, building surveying, project management and business recovery.

Pinders gains an increasing proportion of its business as a bank panel member. As a specialist surveyor we have been very successful at gaining and retaining panel appointments. In 2014, we signed an extended panel agreement with HSBC and consolidated panel positions at Lloyds and Barclays after the removal of numerous firms. At Shawbrook, we are now one of just two valuers undertaking business appraisal and valuation reports. We also gained a new appointment this year with Charities Aid Foundation bank.

Our panel appointments reflect the detail and quality of our reports. We don't simply analyse bricks and mortar we assess business performance. We have one of the most in-depth company databases in the UK. Our valuers have outstanding knowledge built on many years of experience in their sectors.

We have always worked hard to optimise operational efficiency. In 2014, we drove operational costs down again, by another 3 per cent. We are reducing duplication and distributing responsibilities to fee earners on the ground. This year 72.5 per cent of our staff were in front line roles, a record for our business.

Despite our continuing efforts to minimise costs and increase efficiency it has in the past been hard to compete on price with panel members who chose to prepare less rigorous reports. For the commissioning banks the quality threshold was often met by a valuer's inclusion on a panel rather than the report itself. They would often award contracts to the lowest bidder.

However, in the last two years banks have begun to focus more intently on reporting quality. Numerous valuers without the requisite specialist expertise have been removed from panels. Many panels now have fewer members and favour valuers able to demonstrate specialist capabilities.

As a result average fees have risen to more sustainable levels. Our average fees rose by around 15 per cent in 2014. As panels have reduced in size our market share has grown. After several years of slow growth, revived interest in the leisure and hospitality sector contributed to strong performance in this sector.

For the first time in many years, lenders and investors were prepared to advance funds against business potential in this sector. Swinton Park's £5.5 million development project is indicative of growing confidence in the sector. Swinton Park Hotel sought funding

for a restaurant, health club and spa extension. Blackstone asked Building Consultancy Services to prepare a major report on the project. This was our first direct commission from this global investment house.

Healthcare professionals congregated in London to recognise some of the UK's best care facilities at the Healthcare Design Awards. Hosted by Pinders for the fifteenth year in succession the ceremony has become an industry staple.

With markets now improving we believe there is a window of opportunity to gain ground against our competitors. We have key bank panel positions, experienced and capable valuers and a first-class database detailing UK business performance. We are actively recruiting to meet growing demand. We intend to ensure that we build on our solid position so that we can continue to make tangible progress over the next 18 to 24 months.



Having previously worked for De Vere Group alongside Christie + Co, Pinders was approached by Blackstone Group to conduct building surveys of the De Vere Group operated Village Urban Resorts. KSL, an affiliate of Denver-headquartered KSL Capital Partners, was bidding £485m for the resorts. As KSL's financial backer, Blackstone sought Pinders' expertise and market knowledge to assess its funding risk. Pinders was able to value 25 sites within an extremely tight timetable and helped to ensure the acquisition proceeded smoothly.

Divisional review

Stock & Inventory Systems & Services



Customers rate us highly for service excellence. They appreciate our speed, our accuracy and our flexibility.



“Leading brands in grocery and home development are increasingly receptive to outsourcing stock management services.”

Paul Harding Managing Director, Orridge and a Christie Group Director

Orridge Orridge will continue to grow its business organically in the United Kingdom. We will build on our leading market position in the retail and pharmacy sectors and our reputation for consistent, high-quality service. We aim to establish ourselves as the market leader in mainland Europe and the UK.

Orridge is a leading stocktaking company in the UK with strong international coverage. We target the retail and pharmacy sectors. Our services assist companies in realising large-scale supply chain efficiencies. Primary trade sectors include grocery, health and beauty, pharmacy, fashion and supply chain services.

This year, Orridge focused on building firm foundations for the future. We continued to invest in growth. Revenue increased. We took on numerous trials. We introduced measures to improve operational efficiency throughout the business.

Following our acquisition in Germany we have been restructuring operations there to maximise our ability to pursue profitable opportunities in the region. We aim to replicate the winning formula that has delivered operational excellence throughout Europe.

There is tremendous potential for growth in Germany. The market there is

nearly twice the size of that in the UK. Then there is the wider European market, worth an estimated £1 billion annually. There are significant untapped demand from pan-European retailers for a Europe-wide stocktaking service. Our growing European presence improves our access to this international client base.

Improving our proposition for the largest international retailers is a strategic priority. Our German operation and Brussels-based Benelux business give us a firm foothold in Northern Europe and enhance our credibility for pan-European retailers. We already have numerous clients for whom we conduct work across the EU and in the UK. They include fashion retailers Guess, All Saints, Arcadia, Kurt Geiger and Swarovski. Molton Brown, Blackwell Books, HMV and BMB Clothing were among a number of high-profile client additions this year.

We are now even better placed to present a compelling offer to some of Europe's largest retailers. We have started working for Carrefour, the world's fourth largest retail chain. Bauhaus – Germany's leading do-it-yourself chain with over 200 stores in 16 countries – was another important win.

These contracts underline our growing international credibility. And Carrefour is part of a more general move into the supermarket grocery arena. We are finding that leading brands in both grocery and home development sectors are far more receptive to outsourcing stock management services.

In the UK, we gained more business at Morrisons, increasing our involvement from 50 to 75 per cent of their business. We also welcomed Nutmeg, the Morrisons clothing brand, as a new client. We have renewed our exclusive contract with Coop. Finally, we have conducted successful trials for Tesco, Sainsbury's, Waitrose and Homebase.

Customers rate us highly for service excellence. They appreciate the speed, accuracy and flexibility of our process.



With over 200 stores across Europe, moving over 2.5 million of goods every year, Guess relies on careful inventory management to replenish stock accurately and optimise production. Orridge's professionalism and the quality of its technology were key factors in its selection as European inventory partner – stocktaking teams use the latest handheld wireless LAN technology to scan barcodes swiftly and accurately – but the human factor was decisive. Guess wanted a partner ready to resolve problems as they arose and not get waylaid by administration hurdles. The two organisations have gone on to build a strong partnership.

We are continually improving and are now Altius accredited. As technology develops and competition bites customers are increasingly asking for real-time metrics and more detailed management information. More clients are adopting our online services.

As the business grows it is vital to attract and retain talent. We offer an appealing career path with the opportunity to develop skills and take on additional responsibility. We are currently trialling a changed in pay structure that will link earnings more directly to performance. The aim is to offer enhanced income while reducing fixed costs and improving productivity.

We are putting the pillars in place that will allow us to develop a market-leading stocktaking business across Europe. In an extremely price-sensitive market, we are maintaining margin by pursuing operational efficiencies and adding value with service excellence and innovative delivery.

Divisional review

Stock & Inventory Systems & Services



"We have continued to develop a full consultancy service offering alongside our broadly based portfolio of services which meets the needs of our customer base."

Trevor Heyburn Managing Director, Venners

Venners With almost 120 years of history in the hospitality industry, Venners is a business that plays to its strengths. We have a powerful brand in the hospitality sector, where we are seen, not as an external supplier, but as a core sector participant. We act as a one-stop shop for improving hospitality business profits and controls.

Another solid year for Venners resulted in increased turnover and good overall profits. We are conducting stock audits for numerous new clients, including De Vere Hotels, iNTERTAIn, Atlas Fine Wines and Serco Leisure. Royal Ascot was a high profile win for the Event Profit and Control (EPC) team. Leading UK late-night entertainment group Luminar commissioned its first health and safety and compliance audits.

We have continued to promote our new food consultancy business and are now developing a full consultancy service stream. We introduced observational audits this year. These are already proving popular. One customer has commissioned full audits at each of its 30 hotels.

New EU legislation on food allergen controls came into effect in December 2014. It requires all food businesses to provide extensive allergen information for customers at the point of sale.

Our new allergens audit tests compliance with this complex legislative framework.

In Europe we work for UK clients in Germany, Czech Republic, France, Belgium and the Netherlands. We are active in both Northern Ireland and the Republic.

Our main markets traded well. In the pub sector, larger pub companies are more willing to lease to entrepreneurial tenants. That has created more smaller pub companies and increased demand for our services.

Different dynamics were at play in the hotel sector, with hoteliers consolidating their services into larger groups. Consolidation has a mixed impact on our markets, but on balance it has been positive. Many of those acquiring new properties were already Venners customers or have become customers as their requirement for our range of services has increased. This has been particularly true where multiple franchisors have grown their portfolios and recognised the demand for more support with stock and consultancy issues.



During our work at Royal Ascot we controlled 12 cellars, 100 bars and 247 hospitality boxes, providing 3,335 stock results across 5 days. That's 647 results a day!

Following significant consolidation in recent years we are seeing increased demand for compliance audits in cost sector catering. Operators taking over existing contracts must normally meet Transfer of Undertakings - Protection of Employment (TUPE) transfer protocols that protect existing staff. As a result they may employ personnel with inconsistent backgrounds and training. Our compliance audits include specific measures to assess staff training requirements.

Demand for more immediate overview reporting has been growing across all sectors. We are currently servicing around 20 clients. We believe that the demand for real-time information can only grow. We have been developing an I.T. package to give customers online access to configurable dashboard information. It is slated to launch next year as a subscription-based service.

We will also be launching our Next Generation platform products. These will initially be rolled out internally for work planning processes, but in the second phase will be deployed for clients. Once operational this will progressively transform our client relationships, giving customers better access and improved control via online portals.

We are trading well, maintaining our standards and attracting high calibre recruits as the business expands. Our broadly based portfolio of services meets the needs of our customer base. We continue to focus on ensuring that all sectors of the business make a positive contribution.



VENPoS Cloud is the result of many years of development incorporating the latest design features to make it globally scalable and localisable.



“We are in a market with significant growth potential and we have nearly 10,000 UK leisure attractions on our database.”

Paul Harding Managing Director, Vennersys and a Christie Group Director

Vennersys We are building on our strong positioning in the visitor attractions sector by developing new business opportunities. Our new online offering has radically extended our addressable market. In Canada, we supply cinema ticketing system Vista to a major cinema chain.

We deliver online ticketing, specialist transaction and e-commerce systems to the UK leisure and visitor attraction market, where our proprietary software VENPoS is recognised as a sector-leading product.

In Canada, we market the cinema ticketing system, Vista. Longstanding Vista client Landmark Cinema has emerged is now the country's second largest cinema chain. We sold additional modules to Landmark this year.

Our VENPoS enterprise-class product has gained a loyal, supportive user base at major European attractions over many years. Our customers are historic houses, museums and heritage sites, family entertainment centres, safari parks, zoos and aquariums.

Our relationship with the European aquatic attraction operator Aspro Group goes from strength to strength. We

installed extended functionality at their Blue Planet Aquarium and Deep Sea World sites this year. Woburn Abbey and Blenheim Palace both acquired additional modules.

We have also been developing next generation functionality for the enterprise-class product, which will also be usable in our online offering. This includes RFID functionality, smart wristbands, customer profiling and smart phone coupons.

The cloud-based VENPoS product has been our main focus this year. We have developed a next generation online ticketing platform for SMEs (small and medium-sized enterprises) that incorporates much of the functionality offered in our integrated enterprise product on a single online platform.

VENPoS Cloud is the result of many man-years of development. This fully functional ticketing, Epos and online system for visitor attractions and events brings the resilience and functionality of our enterprise class product within reach of smaller attractions.

Whereas our enterprise product is mainly designed for more popular attractions with large visitor numbers, VENPoS Cloud is fully scalable and affordable by smaller visitor attractions. This is a market with significant growth potential. A VisitEngland survey of 1,000 tourist attraction locations found that 169 million people visited those locations in 2013. We have nearly 10,000 UK leisure attractions on our database.

VENPoS Cloud is being rolled out internationally, using the software as a service (SAAS) delivery model. Even the smallest attractions can access the service through subscription. Subscription-based pricing greatly simplifies product support and maximises flexibility and scalability for users.



We have incorporated the latest design features into the product to ensure it is sufficiently resilient for a subscription service. It is globally scalable, fully localisable and has multilingual capabilities.

VENPoS Cloud operates on Amazon AWS servers, which guarantees a high level of resilience. The software is platform-agnostic, it has been written according to responsive web design principles and is optimised for tablet, mobile and desktop viewing.

We have invested to provide the strongest level of e-commerce security. The product is PCI level 1 compliant, the most demanding level required by the payment industry for very high volume e-commerce platforms. VENPoS Cloud includes support for all major online payment systems including Paypal and direct debit.

By the end of 2014 VENPoS Cloud was ready for launch and early adopter users started subscribing at the beginning of 2015. We look forward to reporting on its progress during the year.

Revenue for the year increased by 12.7% to £61.0m (2013: £54.2m), driven by a very strong performance in the second half of the year in particular by the Professional Business Services ('PBS') division.

The effect of achieving this level of growth with a high level of operational gearing was a £2.1m improvement in operating profit before exceptional items, delivering operating profit in this respect of £3.7m (2013: £1.6m). In effect, this equated to £2.1m of additional operating profit from additional revenue of £6.9m, a return on incremental revenues of 31.2%.

Cash and net debt

The strength of the trading performance in 2014 has significantly improved the cash and debt position over the course of the year. While year-end borrowings attributable to invoice finance facilities remained at £0.6m, an opening overdraft position of £2.1m was converted into a comparably small but positive cash balance by 31 December 2014. The effect on net debt was a reduction at 31 December 2014 to £0.6m (2013: £2.7m) as set out in note 30.

Taxation

After a number of years of experiencing high deferred tax charges, the 2014 tax charge of £1.0m (2013: £0.4m) on profit before tax of £3.4m (2013: £0.5m) represents a more normalised effective rate of 31.1% (2013: 64.9%), consistent with the applicable underlying rate of corporation tax adjusted for the effect of disallowable expenditure.

Pension schemes

The consolidated statement of financial position includes negative equity of £6.6m at 31 December 2014 (2013: £0.0m). This apparently adverse movement belies the underlying trading performance of the group in 2014 and is attributable entirely to the revaluation of final salary pension scheme liabilities from a year earlier. This revaluation resulted in an increase of £9.2m in the long term retirement benefit obligations, without which the group equity position would be a positive balance of £2.6m.

The revaluation of pension liabilities in this respect is a continuing function of macro-economic conditions which continue to result in very low discount rates for the purposes of valuing defined benefit pension scheme liabilities. The Board are effectively required to refer to spot-rate corporate bond rates at the reporting date which at the 31 December 2014 had returned to extremely low levels in the context of longer term historical rates, and had deteriorated by approximately 1% from only a year earlier.

The sensitivity of the group's pension scheme liabilities in this respect is significant. As illustrated in note 25 of the financial statements, a 1.5% improvement in the discount rate position would effectively reduce the total scheme obligations by more than

27%. With total gross obligations of £57.6m, a 27% reduction such as this would eliminate the £14m deficit entirely without any requirement for further cash funding by the group.

Scheme assets at the year-end were £43.6m, meaning that notwithstanding the possibility of improvements in discount rates moving forward, over 75% of obligations arising under the scheme could be funded from existing scheme assets.

Recognising the long-term nature of these liabilities, the Board have negotiated a continuation of the existing recovery plans in real-terms, to ensure no deterioration in the Group's ability to invest inwardly and provide a return to shareholders. The Group has also recently completed a consultation process with members, so that all remaining active members in final salary pension schemes accrue future benefits at 75% of their previous rates.

Key performance indicators

In accordance with the Strategic Report we have included our main KPIs for the Group and the individual operating divisions in the table below. As a group we have a number of key areas that these indicators measure:

- Revenue growth – an important part of our strategy is the profitable growth of our businesses, and one measure of this is the year-on-year increase in revenue.
- Productivity – being in the service sector, employee costs are our largest single cost. It is important to remain competitive and continue to improve our productivity. This KPI



“The strength of the trading performance significantly improved the cash position over the course of the year.”



looks at the total cost of employees (including benefits, the cost of company cars, company pension contributions and local employer taxes) required to produce £1,000 of revenue. For this KPI a reducing figure reflects an improvement.

- Operating profit % – this is measured as operating profit (before exceptional items) as a percentage of revenue.

The strength of performance from the PBS division is demonstrated by year-on-year growth in excess of 17%, underpinning the overall growth for the Group of 12.7%. The ability to deliver this level of growth without significant additional investment in resources resulted in a significantly improved productivity level and an operating profit return on revenue up to 6.1% (2013: 2.9%).

The effects of the improved PBS performance were mitigated by a more challenging year within SISS with productivity and operating margins impacted by pricing pressure and reorganisation in Germany, both of which are referred to within the Chairman's Statement and Chief Executive's Review. We anticipate seeing a recovery in performance in 2015 as the improvements referred to therein take effect.

Dan Prickett
Chief Financial Officer
30 March 2015

KPIs			
	Group	Professional Business Services	Stock & Inventory Systems & Services
Revenue growth			
2014 on 2013	12.7%	17.5%	7.4%
2013 on 2012	[3.4%]	[6.9%]	0.6%
2012 on 2011	5.4 %	11.2%	[0.8%]
Productivity – staff costs (before exceptionals) per £1,000 of revenue			
2014	660	550	709
2013	675	605	683
2012	687	618	701
Operating profit/(loss) before exceptional items as % of revenue			
2014	6.1%	9.9%	0.7%
2013	2.9%	3.3%	4.3%
2012	2.4%	1.9%	3.0%

* The Key Performance Indicators shown above are based on continuing activities only.

Board of directors



Philip Gwyn
Chairman

Philip is a barrister and merchant banker by training. He is responsible for Group strategy and planning. Philip is a non-executive director of Alumasc plc and a director of a number of private companies, including Chairman of Hybrid Air Vehicles.



David Rugg
Chief Executive

David is responsible for the day-to-day operation and development of the Group, in which capacity he has been responsible for the identification and integration of its principal subsidiary business acquisitions. David either chairs or sits on the boards or management boards of Christie Group trading companies.



Dan Prickett
Chief Financial Officer

Dan joined Christie Group in December 2007, prior to becoming Chief Financial Officer in 2010. He has responsibility for all financial and company accounting matters, as well as financial public relations. Dan, a Chartered Accountant, has previously worked for Grant Thornton, MacIntyre Hudson and Inchcape Retail.



Chris Day
Executive Director

Chris joined Christie + Co in 1985 and, having worked in the Manchester, Birmingham and London offices, was appointed managing director in 1993. He has overall responsibility for all Christie + Co's specialist transactional and advisory activities. Chris has overseen the successful expansion of Christie + Co into an international firm, which currently has offices throughout Europe.



Paul Harding
Executive Director

Paul has worked for Orridge for over 25 years. When Christie Group acquired Orridge in December 2002 Paul was Sales Director. He was appointed as Managing Director in 2004 and, since then, has been responsible for developing the company into a profitable pan-European retail stocktaking business. Paul has also been a Director of Vennersys since 2008.



Tony Chambers
Senior Non-executive Director

Tony was previously head of banking and director of Robert Fleming, a director of Save and Prosper Group and chairman of Gartmore High Income. Tony chairs the Remuneration Committee and is also a member of both the Audit and Nomination Committees.



Pommy Sarwal
Non-executive Director

Pommy, a former corporate finance partner at Deloitte, is currently Deputy Chairman of Hybrid Air Vehicles and Chairman of Master Ropemakers. He is also a Non-executive Director of Chatham Historic Dockyard and Hyde Housing Association, until recently, was a member of the board of both the Port of London Authority and British Waterways. Pommy chairs the Audit Committee and is a member of the Nomination and Remuneration Committees. He is also Chairman of Venners.

Company information

Secretary

Dan Prickett FCA

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Registered number

1471939

VAT number

358 526526

Nominated adviser and broker

Charles Stanley Securities

Principal solicitors

Royds
SNR Denton

Auditors

Nexia Smith &
Williamson Audit

Registrars

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Strategic report

for the year ended 31 December 2014

The Directors present their Strategic Report on the group for the year ended 31 December 2014.

Review of the business

Principal activities and business review:

Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions – Professional Business Services and Stock & Inventory Systems & Services. Professional Business Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Stock & Inventory Systems & Services covers stock audit and counting, compliance and food safety audits, inventory preparation and valuation, hospitality and cinema software. A description of the Group's activities and a detailed business review of the year and future developments are given in the Chairman's Statement. In addition the Group's main Key Performance Indicators are explained in the Financial Review on page 25 and the risks and uncertainties are shown below.

Risks and uncertainties

We operate in a world with a heightened awareness of risk. In growing and developing our businesses we have made a conscious decision to try and minimise unrewarded risk. We have done this in the following ways:

1. We are growing a European business in order that we are less dependent on the success or otherwise of one country's economy.
2. We service three sectors; leisure, care and retail, so that we are not dependent solely on the fortunes of one sector.
3. We offer a spread of services across our two divisions, for example, transactional, advisory and support.
4. We have a spread of work which deliberately covers both corporate and private clients.

That stated, whilst we have endeavoured to reduce risks, we are not immune to movements in the global economy or changes in the economic or legislative environments in the countries in which we do business. In addition, such things as the psychological effect of natural disasters, terrorist attacks, banking crises, currency crises and changes in behaviour pattern due to environmental based legislation can all impact our businesses in unexpected ways. All of our activities rely on the recruitment and retention of skilled individuals. Each of our divisions, though, face certain risks that are unique to the services they provide and they are categorised under the divisional headings below.

The following can adversely affect our markets and businesses:

Professional Business Services (PBS)

- changes in interest rates;
- lack of bank liquidity and more conservative lending criteria;
- a slow down in the residential housing market;
- collapse or fragmentation of the Euro Currency (also applicable to SISS); and
- dismemberment of the European Union (also applicable to SISS).

Stock & Inventory Systems & Services (SISS)

- changes in employee and business legislation, in particular the Working Time Directive;
- increase in transport costs;
- trends towards a cashless society; and
- economic slowdown and technology changes affecting the retail and hospitality sectors.

The above list of risks is meant to highlight, in addition to any noted elsewhere in this report, those we consider relevant today and is not intended to be an exhaustive list of risks facing the businesses.

Key Performance Indicators:

For an analysis of key performance indicators see Financial Review on page 25.

Review of strategy and business model

For a review of the Group's strategy see the Chairman's statement on page 2, for a review of the Group's business model see the Chief Executive's review on page 4.

This report was approved by the board on 30 March 2015.

D R Prickett

Company Secretary
Whitefriars House
6 Carmelite Street
London EC4Y 0BS

Registered No. 1471939

Directors' report

for the year ended 31 December 2014

The Directors present their report and the audited financial statements for the year ended 31 December 2014.

Results and dividends

The results for the year are set out in the consolidated income statement on page 36 and the consolidated statement of comprehensive income on page 37. The Directors recommend the payment of a final dividend of 1.5p (2013: 1.0p) per share which together with the interim dividend of 0.75p (2013: 0.5p) per share, makes a total of 2.25p (2013: 1.5p) per share totalling £597,000 (2013: £398,000) for the year. The profit for the year from continuing operations before tax and before other comprehensive income was £3,359,000 (2013: £541,000) and the loss attributable to equity holders of the Company for the financial year, after taxation and including other comprehensive losses, was £5,368,000 (2013: £3,914,000 income).

Future developments

For information on future developments see the Chairman's Statement on page 2 and the Chief Executive's Review on page 4.

Directors

The Directors of the Company in office at the date of this report, together with their biographical details, are shown on page 26. All these Directors served throughout the year. Paul Harding, Dan Prickett and Pommy Sarwal retire in accordance with the Company's Articles of Association. Paul Harding, Dan Prickett and Pommy Sarwal, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. Directors' interests are shown in the Remuneration Report. During the year under review and as at the date of the Directors' report, appropriate directors' and officers' insurance was in place.

Employees

The Directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Group's performance. Each individual operating company adopts employee consultation as appropriate. The Company is committed to providing equality of opportunity to all employees regardless of nationality, ethnic origin, age, sex or sexual orientation and continues to be supportive of the employment and advancement of disabled persons.

Acquisition of own shares

During the year the Company funded the purchase of 666,000 (2013: 77,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £912,000 (2013: £55,000), to enable it to meet awards under its SAYE and other share schemes. During the year the Company also sold 285,000 (2013: 79,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £249,000 (2013: £73,000). The total holding of the Employee Share Ownership Trust as at 31 December 2014 was 532,000 shares (2013: 151,000 shares), which represents 2.01% (2013: 0.57%) of the current issued share capital.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. See Note 3 on page 49.

Health, safety and the environment

The Directors consider the health, safety and environmental protection aspects of the business to be of great importance, as the prevention of personal injury, the avoidance of damage to health and the protection of the environment are important business and social responsibilities. Management practices within the Group are designed to ensure so far as is reasonably practicable, the health, safety and welfare at work of employees, contractors and visitors and the implementation of environmentally aware and friendly policies.

Going concern

After making enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements, which appear on pages 36 to 77.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that Nexia Smith & Williamson be re-appointed as auditors of the Company will be put to the Annual General Meeting.

Disclosure of Information to Auditors

Directors of the Group have confirmed that in fulfilling their duties as a director:

- so far as they are each aware, there was no relevant audit information of which the auditors were unaware; and
- they have taken all reasonable steps that a director ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Group's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provision of s.418 of the Companies Act 2006.

This report was approved by the board on 30 March 2015.

D R Prickett

Company Secretary
Whitefriars House
6 Carmelite Street
London EC4Y 0BS

Registered No. 1471939

Corporate governance

The Directors are committed to delivering high standards of corporate governance to the Company's shareholders and other stakeholders including employees, suppliers and the wider community. The Board of Directors operates within the framework described below.

The Board

The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

Whilst the Board has delegated the normal operational management of the Company to the Executive Directors and other senior management there are detailed specific matters subject to decision by the Board of Directors. These include acquisitions and disposals, joint ventures and investments and projects of a capital nature. The Non-executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Chairman and Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and to ensure that succession planning arrangements are in place in relation to Executive Directors and other senior members of the management team. The Chairman holds informal meetings with individual Non-executive Directors without the executives present. The senior Non-executive Director also discusses matters with other Non-executive Directors without the Chairman being present. The senior executives enjoy open access to the Non-executive Directors with or without the Chairman being present. In short the Directors talk to each other.

The Board is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' interests and the Group's assets. It is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are designed to manage rather than eliminate risk and therefore even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed. The key features of the system that operated during the year are described below.

Organisational structure and control environment

The Board of Directors meets at least five times a year to review the performance of the Group. It seeks to foster a strong ethical climate across the Group. There are clearly defined lines of responsibility and delegation of authority from the Board to the operating subsidiaries. The Directors of each trading subsidiary meet on a monthly basis with normally at least two members of the Group Board in attendance.

Internal control

The key procedures which the Directors have established with a view to providing effective internal control are as follows:

- Regular Board meetings to consider the schedule of matters reserved for Directors' consideration;

- A risk management process (see below);
- An established organisational structure with clearly defined lines of responsibility and delegation of authority;
- Appointment of staff of the necessary calibre to fulfil their allotted responsibilities;
- Comprehensive budgets, forecasts and business plans approved by the Board, reviewed on a regular basis, with performance monitored against them and explanations obtained for material variances (see page 30);
- An Audit Committee of the Board, comprising Non-executive Directors, which considers significant financial control matters as appropriate; and
- Documented whistle-blowing policies and procedures.

During 2012 the Board agreed to implement a formal Internal Audit function and in doing so appointed an Internal Auditor. The Internal Auditor is mandated to perform their duties under direct authority from the Group Chief Executive to examine all areas of compliance across the Group as may be considered appropriate or necessary including regulatory, financial and operational requirements. They are required to report to the Audit Committee at each meeting of the Committee, setting out the findings of any investigations undertaken and to agree their work programme for the subsequent period up to the next scheduled meeting of the Audit Committee.

Risk management

The Board has the primary responsibility for identifying the major risks facing the Group. The Board has adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, organisational and compliance issues. The Board has identified a number of key areas which are subject to regular reporting to the Board. The policies include defined procedures for seeking and obtaining approval for major transactions and organisational changes.

Risk reviews carried out by each subsidiary are updated annually as part of an ongoing risk assessment process. The focus of the reviews is to identify the circumstances, both internally and externally, where risks might affect the Group's ability to achieve its business objectives. An overall risk assessment for the Group is prepared. The management of each subsidiary periodically reports to the Board any new risks. In addition to risk assessment, the Board believes that the management structure within the Group facilitates free and rapid communication across the subsidiaries and between the Group Board and those subsidiaries and consequently allows a consistent approach to managing risks. Certain key functions are centralised, enabling the Group to address risks to the business present in those functions quickly and efficiently.

Financial planning, budgeting and monitoring

The Group operates a planning and budgeting system with an annual Budget approved by the Board. There is a financial reporting system which compares results with the budget and the previous year on a monthly basis to identify any variances from approved plans. Rolling cash flow forecasts form part of the reporting system. The Group remains alert to react to other business opportunities as they arise.

Non-executive Directors

The Non-executive Directors do not have service agreements and have no automatic right of re-appointment. They are regarded by the Board as bringing experience to the Board from their fields of business and finance, and ensure that all matters of strategy, performance, progress and standards are debated thoroughly. The senior Non-executive Director is Tony Chambers.

The table below shows the extent to which each of the Non-executive Directors complies with objective tests on independence:

Question	Tony Chambers	Pommy Sarwal
Has been an employee of the Company or Group within the last five years?	No	No
Has, or had within the last three years, a material business relationship with the Company either directly, or as a partner, shareholder, Director or senior employee of a body that has such a relationship with the Company?	No	No
Has received or receives additional remuneration from the Company apart from directors' fees, participates in the Company's share option or performance-related pay scheme, or is a member of the Company's pension scheme?	No	No
Has close family ties with any of the Company's Directors, senior employees or advisers?	No	No
Holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies?	No	Yes
Represents or is a significant shareholder?	No	No
Has served on the Board for more than nine years from the date of their first election?	Yes	No

The Non-executive Directors are considered by the Board to be independent in character and judgement and have no relationships or any circumstances that are likely to affect their judgement as Directors of the Company.

Tony Chambers was appointed to the Board on 24 February 2004 and therefore reached nine years' service with effect from 24 February 2013. Taking into consideration all other tests of independence, the Board do not consider this to impair Mr Chamber's independence or his ability to fulfil his role with impartiality.

Pommy Sarwal sits on the board of Hybrid Air Vehicles Limited, a UK incorporated company, as Deputy Chairman. Mr Sarwal also sits on the Board of Venners Limited as non-executive Chairman, but the day-to-day management of that company is conducted by its executive directors. Neither of these roles are considered to impair his judgement or character in relation to his directorship of Christie Group plc. Mr Sarwal was originally appointed to the Board of Christie Group plc on 3 July 2006 and will therefore reach nine years' service on 3 July 2015.

Audit Committee

The Audit Committee meets no less than twice a year with the auditors in attendance. It also assists the Board in observing its responsibility for ensuring that the Group's accounting systems provide accurate and timely information and that the Group's published financial statements represent a true and fair reflection of the Group's financial position and its performance in the period under review. The Committee also ensures that internal controls and appropriate accounting policies are in place, reviews the scope and results of the audits, the independence and objectivity of the auditors and establishes that an effective system of internal financial control is maintained.

The Committee has primary responsibility for making a recommendation on the appointment or re-appointment of the external auditors. In order to maintain the independence of the external auditors, the Board has determined guidelines as to what non-audit services can be provided by the Company's external auditors and the approval processes related to them. Under those policies work of a consultancy nature will not be offered to the external auditors unless there are clear efficiencies and value added benefits to the Company. Additionally the auditors confirm their independence in writing each year. The Committee also monitors the level of non-audit fees paid to the external auditors. The Audit Committee consists of Tony Chambers and Pommy Sarwal as Chairman.

Remuneration Committee

The Remuneration Committee meets no less than twice a year and is responsible for determining main Board Directors' and subsidiary company Managing Directors' remuneration together with the terms and conditions of their service contracts. It has access to relevant comparable information in respect of similar businesses. The Committee is also responsible for the allocation of options under the Company's executive share option scheme. The Committee also maintains a watching brief over the general employment terms and pay structures, existing or proposed, for the subsidiary trading companies. The Remuneration Committee consists of the Non-executive Directors with Tony Chambers as Chairman.

Nomination Committee

The Nomination Committee meets as required to select and propose suitable candidates for the approval of the Board to fill vacancies or new positions and to make recommendations to the Board on its composition. The Nomination Committee consists of the Non-executive Directors and Philip Gwyn as Chairman.

Risks and uncertainties

See Strategic Report on page 27.

Dialogue with Institutional shareholders

The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders. This is done through meetings following the publication of the year-end and interim results.

Shares and shareholdings

The interests of Directors are set out on page 33.

Remuneration report

Part 1 of this report sets out the Company's remuneration policies for the Directors for the year ended 31 December 2014. These policies are likely to continue to apply in future years, unless there are specific reasons for change, in which case shareholders will be informed in future reports. Part 2 sets out details of the remuneration received by Directors during the year ended 31 December 2014.

Part 1. Remuneration Committee (not subject to audit)

The Remuneration Committee, which consists solely of Non-executive Directors, makes recommendations to the Board on the framework of executive remuneration and determines specific remuneration packages on their behalf. The Chairman and Chief Executive attend the Remuneration Committee meetings. The Chairman and Chief Executive are not present when their own remuneration is being considered by the Committee.

The Committee's policy is to provide a remuneration package which will attract and retain Directors with the ability and experience required to manage the Company and to provide superior long term performance. It is the aim of the Committee to reward Directors competitively and on the broad principle that their remuneration should be in line with the remuneration paid to senior management of comparable companies. There are four main elements of the remuneration package for Executive Directors: base salary, annual bonus, benefits and share options.

- Base salary is reviewed annually and in setting salary levels the Remuneration Committee considers the experience and responsibilities of the Executive Directors and their personal performance during the previous year. The Committee also takes account of external market data, as well as the rates of increases for other employees within the Company. Base salary going forward is the only element of the package to determine future pensionable earnings.
- Annual bonuses are calculated as a percentage of pre-tax profits in excess of a threshold. Bonuses are designed to contribute approximately 25% of total earnings, but they are normally uncapped.
- Benefits are primarily the provision of cars and health insurance.
- Share options are granted having regard to an individual's seniority within the business and, together with the Group's Save As You Earn scheme (SAYE), are designed to give Executive Directors an interest in the increase in the value of the Group.

Service contracts and/or letters of appointment

Executive Directors

It is the Group's policy to appoint Executive Directors under service agreements terminable by either party giving a minimum of 6 months' notice. David Rugg has a two year notice period that was agreed on flotation of the Company and this is still considered appropriate.

There are no predetermined provisions for compensation on termination within Executive Directors' service agreements. However the Group believes that severance arrangements should be restricted to base pay and consequential payments such as bonus and pension accrual. Nevertheless, the circumstances of the termination and the individual's duty and opportunity to mitigate loss would be taken into account.

Non-executive Directors

The Non-executive Directors have a letter of appointment, which specifies an initial appointment of three years. Their appointment is subject to Board approval and election by shareholders at the annual general meeting following appointment and, thereafter, re-election by rotation. There are no provisions for compensation payments on early termination in the Non-executives' letters of appointment.

The fees of the Non-executive Directors are determined by the Chairman and the Chief Executive and are designed to reflect the time and experience which these Directors bring to the Company.

Outside directorships

Other than the Chairman, none of the Executive Directors hold external Non-executive directorship positions. The Chairman has no commitments that impact adversely on his role as Chairman.

Information required to be audited.

PART 2. Directors' Emoluments

	Salary, Commissions & Fees £'000	Long Term Share Schemes £'000	Bonus £'000	Benefits £'000	Pensions £'000	2014 £'000	2013 £'000
Philip Gwyn	166	–	–	22	5	193	193
David Rugg	368	–	170	40	–	578	421
Chris Day	306	–	105	31	29	471	357
Dan Prickett	145	–	39	11	7	202	176
Paul Harding	240	–	8	16	22	286	268
Tony Chambers	30	–	–	–	–	30	25
Pommy Sarwal	54	–	–	–	–	54	50
						1,814	1,490

At the year end the highest paid Director had accrued benefits under company pension schemes as set out below:

	2014 £'000	2013 £'000
Defined benefit arrangement: Accrued pension at end of year*	48	218

*During the year David Rugg transferred out of the Christie Group Pension and Assurance Scheme, reducing his accrued pension benefits. An amount equal to 20% of these benefits remains payable under agreement of the Christie Group plc Remuneration Committee.

The highest paid director did not exercise any share options during the year.

Directors' pension entitlements

The Company contributed £5,250 (2013: £21,000) for Philip Gwyn to a self-administered pension fund. Chris Day is a member of the Christie Group plc Pension & Assurance Scheme managed by Hanover Pensions Limited. Paul Harding and Dan Prickett both receive employer contributions as members of the Company defined contribution scheme.

Directors' interests

Details of the Directors' interests in the ordinary shares of the Company are set out below:

	31 Mar 2015	31 Dec 2014	31 Dec 2013
Philip Gwyn	11,515,961	11,515,961	11,515,961
David Rugg	2,796,046	2,796,046	2,778,446
Chris Day	712,847	712,847	686,713
Paul Harding	212,870	212,870	212,870
Tony Chambers	131,975	131,975	131,975
Pommy Sarwal	–	–	–
Dan Prickett	–	–	–

In addition to interests shown above the following directors hold share options under company share option schemes:

Dan Prickett holds 100,000 share options, granted in May 2009, September 2009 and October 2013 exercisable between May 2012 and October 2023.

Paul Harding holds 225,000 share options, granted in May 2009, October 2013 and May 2014 exercisable between May 2012 and May 2024. 100,000 of these options were awarded in October 2013 under a long term incentive arrangement.

Chris Day holds 50,000 share options, granted in May 2009 exercisable between May 2012 and May 2019.

The market price of the shares at 31 December 2014 was 141.0p (31 December 2013: 80.5p) and the range during the year was 80.5p to 141.0p (year to 31 December 2013: 46.5p to 83.5p).

A Director exercised their options granted under the SAYE scheme during the year. The aggregate of the gains made on this exercise, calculated on the difference between the option and mid-market price on the date of option maturity, was £21,000 (2013: £nil), of which £nil (2013: £nil) related to the highest paid Director.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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.

The directors are also responsible for ensuring that they meet their responsibilities under AIM rules.

Independent auditor's report

To the members of Christie Group plc

We have audited the financial statements of Christie Group plc for the year ended 31 December 2014 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statement of Cash Flows, the Consolidated and Parent Company Statements of Changes in Shareholders' Equity and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 34, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Sancho Simmonds

Senior Statutory Auditor, for and on behalf of

Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

30 March 2015

Consolidated income statement

For the year ended 31 December 2014

	Note	2014 Total £'000	2013 Total £'000
Continuing operations:			
Revenue	6	61,011	54,154
Employee benefit expenses	7	(40,274)	(36,121)
		20,737	18,033
Depreciation and amortisation	6	(458)	(564)
Impairment charge	22	(56)	(53)
Other operating expenses		(16,517)	(15,849)
Operating profit before exceptional items		3,706	1,567
Exceptional items*		–	(442)
Operating profit after exceptional items		3,706	1,125
Finance costs	8	(125)	(120)
Finance income	8	9	4
Pension scheme finance costs	8	(231)	(468)
Total finance costs	8	(347)	(584)
Profit before tax from continuing operations	9	3,359	541
Taxation	10	(1,142)	(351)
Profit for the year after tax from continuing operations		2,217	190
Discontinued operations:			
Loss for the period from discontinued operations	12	–	(29)
Profit for the period after tax		2,217	161
Profit/(loss) for the period after tax attributable to:			
Equity shareholders of the parent		2,455	212
Non-controlling interest		(238)	(51)
		2,217	161
Earnings per share attributable to equity holders – pence			
Profit attributable to the equity holders of the Company			
– Basic	13	9.34	0.82
– Fully diluted	13	8.99	0.80
Profit from continuing operations attributable to the equity holders of the Company			
– Basic	13	9.34	0.93
– Fully diluted	13	8.99	0.91

*Exceptional costs for the year to 31 December 2013 relate to the restructuring of operations. There are no such costs in 2014.

Consolidated statement of comprehensive income

For the year ended 31 December 2014

	2014 Total £'000	2013 Total £'000
Profit for the period after tax	2,217	161
Other comprehensive (losses)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	41	46
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	41	46
Items that will not be reclassified to profit or loss:		
Actuarial (losses)/gains on defined benefit plans	(9,726)	4,839
Income tax effect	1,862	[1,183]
Net other comprehensive (losses)/income not being reclassified to profit or loss in subsequent periods	(7,864)	3,656
Other comprehensive (losses)/income for the period, net of tax	(7,823)	3,702
Total comprehensive (losses)/income for the period	(5,606)	3,863
Total comprehensive (losses)/income attributable to:		
Equity shareholders of the parent	(5,368)	3,914
Non-controlling interest	(238)	(51)
	(5,606)	3,863

Consolidated statement of changes in shareholders' equity

As at 31 December 2014

	Attributable to the Equity Holders of the Company					Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 24) £'000	Cumulative translation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	
For the year ended 31 December 2013						
Balance at 1 January 2013	505	4,688	457	(10,113)	(75)	(4,538)
Profit/(loss) for the year after tax	–	–	–	212	(51)	161
Other comprehensive income for the year after tax	–	–	–	3,656	–	3,656
Exchange differences on translating foreign operations	–	–	46	–	–	46
Total comprehensive income/(losses) for the period	–	–	46	3,868	(51)	3,863
Transfer of non-controlling interest on liquidation	–	–	–	(75)	75	–
Movement in respect of employee share scheme	–	19	–	(23)	–	(4)
Employee share option scheme:						
– value of services provided	–	61	–	–	–	61
Proceeds from shares issued	26	758	–	–	–	784
Dividends paid	–	–	–	(257)	–	(257)
Balance at 31 December 2013	531	5,526	503	(6,600)	(51)	(91)

	Attributable to the Equity Holders of the Company					Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 24) £'000	Cumulative translation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	
For the year ended 31 December 2014						
Balance at 1 January 2014	531	5,526	503	(6,600)	(51)	(91)
Profit/(loss) for the year after tax	–	–	–	2,455	(238)	2,217
Other comprehensive losses for the year after tax	–	–	–	(7,864)	–	(7,864)
Exchange differences on translating foreign operations	–	–	41	–	–	41
Total comprehensive income/(losses) for the period	–	–	41	(5,409)	(238)	(5,606)
Movement in respect of employee share scheme	–	(664)	–	(5)	–	(669)
Employee share option scheme:						
– value of services provided	–	92	–	–	–	92
Dividends paid	–	–	–	(459)	–	(459)
Balance at 31 December 2014	531	4,954	544	(12,473)	(289)	(6,733)

Consolidated statement of financial position

At 31 December 2014

	Note	2014 £'000	2013 £'000
Assets			
Non-current assets			
Intangible assets – Goodwill	14	1,740	1,793
Intangible assets – Other	15	697	507
Property, plant and equipment	16	893	1,088
Deferred tax assets	17	3,817	2,628
Available-for-sale financial assets	18a	635	485
Other receivables	19	465	500
		8,247	7,001
Current assets			
Inventories	20	2	–
Trade and other receivables	22	11,089	10,819
Current tax assets		12	190
Cash and cash equivalents	21	3,770	1,747
		14,873	12,756
Total assets		23,120	19,757
Equity			
Share capital	23	531	531
Fair value and other reserves	24	4,954	5,526
Cumulative translation reserve		544	503
Retained earnings	24	(12,473)	(6,600)
		(6,444)	(40)
Non-controlling interest	34	(289)	(51)
Total equity		(6,733)	(91)
Liabilities			
Non-current liabilities			
Retirement benefit obligations	25	13,970	4,796
Provisions	28	258	561
		14,228	5,357
Current liabilities			
Trade and other payables	26	8,804	8,365
Current tax liabilities	10	403	–
Borrowings	27	4,385	4,483
Provisions	28	2,033	1,643
		15,625	14,491
Total liabilities		29,853	19,848
Total equity and liabilities		23,120	19,757

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2015.

D B Rugg
Chief Executive

D R Prickett
Chief Financial Officer

Consolidated statement of cash flows

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Cash flow from operating activities			
Cash generated from/(used in) operations	29	3,188	(355)
Interest paid		(125)	(120)
Tax received		147	225
Net cash generated from/(used in) operating activities		3,210	(250)
Cash flow from investing activities			
Acquisition of subsidiary		–	(140)
Purchase of property, plant and equipment (PPE)		(223)	(297)
Proceeds from sale of PPE		12	13
Intangible asset expenditure – software		(266)	(267)
Investment in available-for-sale asset		(150)	(185)
Interest received		9	4
Net cash used in investing activities		(618)	(872)
Cash flow from financing activities			
Proceeds from issuance of share capital		–	784
Proceeds from invoice finance		15	18
Dividends paid		(459)	(257)
Net cash (used in)/generated from financing activities		(444)	545
Net decrease in cash		2,148	(577)
Cash and cash equivalents at beginning of year		(2,130)	(1,538)
Exchange losses on euro bank accounts		(12)	(15)
Cash and cash equivalents at end of year	21	6	(2,130)

Company statement of changes in shareholders' equity

As at 31 December 2014

	Attributable to the Equity Holders of the Company			Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 24) £'000	Retained earnings £'000	
For the year ended 31 December 2013				
Balance at 1 January 2013	505	4,035	1,295	5,835
Total comprehensive losses for the period	–	–	(186)	(186)
Movement in respect of employee share scheme	–	12	(23)	(11)
Proceeds from shares issued	26	758	–	784
Dividends paid	–	–	(257)	(257)
Balance at 31 December 2013	531	4,805	829	6,165

	Attributable to the Equity Holders of the Company			Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 24) £'000	Retained earnings £'000	
For the year ended 31 December 2014				
Balance at 1 January 2014	531	4,805	829	6,165
Total comprehensive income for the period	–	–	1,022	1,022
Movement in respect of employee share scheme	–	(668)	–	(668)
Dividends paid	–	–	(459)	(459)
Balance at 31 December 2014	531	4,137	1,392	6,060

Company statement of financial position

As at 31 December 2014

	Note	2014 £'000	2013 £'000
Assets			
Non-current assets			
Investments in subsidiaries	18	2,563	2,563
Deferred tax assets	17	412	301
Available-for-sale financial assets	18a	635	485
Other receivables	19	8,553	9,098
		12,163	12,447
Current assets			
Trade and other receivables	22	3,196	3,006
Current tax assets		12	190
Cash and cash equivalents	21	4	5
		3,212	3,201
Total assets		15,375	15,648
Equity			
Share capital	23	531	531
Fair value and other reserves	24	4,137	4,805
Retained earnings	24	1,392	829
Total equity		6,060	6,165
Liabilities			
Non-current liabilities			
Retirement benefit obligations	25	1,238	336
		1,238	336
Current liabilities			
Trade and other payables	26	4,482	5,528
Current tax liabilities		29	–
Borrowings	27	3,566	3,619
		8,077	9,147
Total liabilities		9,315	9,483
Total equity and liabilities		15,375	15,648

These Company financial statements have been approved for issue by the Board of Directors on 30 March 2015.

D B Rugg
Chief Executive

D R Prickett
Chief Financial Officer

Company statement of cash flows

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Cash flow from operating activities			
Cash used in operations	29	(1,312)	(1,341)
Interest paid		(169)	(191)
Tax received		161	99
Net cash used in operating activities		(1,320)	(1,433)
Cash flow from investing activities			
Interest received		281	290
Dividend received		1,700	–
Investment in available-for-sale financial asset		(150)	(185)
Net cash generated from investing activities		1,831	105
Cash flow from financing activities			
Dividends paid		(459)	(257)
Proceeds from issuance of share capital		–	784
Net cash (used in)/generated from financing activities		(459)	527
Net decrease in cash		52	(801)
Cash and cash equivalents at beginning of year		(3,614)	(2,813)
Cash and cash equivalents at end of year	21	(3,562)	(3,614)

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions – Professional Business Services and Stock & Inventory Systems & Services. Professional Business Services principally covers business valuation, consultancy

and agency, mortgage and insurance services, and business appraisal. Stock & Inventory Systems & Services covers stock audit and counting, compliance and food safety audits and inventory preparation and valuation, hospitality and cinema software.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies for the year ended 31 December 2014

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

2.1 Basis of preparation

The consolidated and Company financial statements of Christie Group plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated and Company financial statements have been prepared under the historical cost convention with the exception of the defined benefit pension scheme, and on a going concern basis.

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

The Group has chosen, in accordance with the options provided by IAS 1, to present an income statement and a statement of comprehensive income as two separate statements to improve the presentation of the primary statements.

New and amended standards adopted by the Group

Several new standards and amendments apply for the first time in 2014. However, they do not materially impact the annual consolidated financial statements of the Group.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group or Company's accounting periods beginning after 1 January 2015 or later periods and have not been early adopted. It is anticipated that none of these new standards, interpretations and amendments currently in issue at the time of preparing the financial statements will have a

material effect on the consolidated financial statements of the Group or Company.

2.2 Consolidation

The Consolidated financial statements include the results of Christie Group plc and all its subsidiary undertakings on the basis of their financial statements to 31 December 2014. The results of businesses acquired or disposed of are included from or to the date of acquisition or disposal.

A subsidiary is an entity controlled, directly or indirectly, by Christie Group plc. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. See business combinations section for acquisitions and disposals in the year (Note 34).

When the Group disposes of a subsidiary any gains/losses recognised at the date of disposal are taken to the income statement.

Non controlling interests

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

2.3 Foreign currency translation Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the Group's and Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. Summary of significant accounting policies continued

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- b) income and expenses for each income statement are translated at average exchange rates; and
- c) all resulting exchange differences are recognised as a separate component of equity, the cumulative translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Group's activities. Revenue derived from the Group's principal activities (which is shown exclusive of applicable sales taxes or equivalents) is recognised as follows:

Agency, consultancy and valuations

Net agency fees are recognised as income on exchange of contracts at which point the Group becomes contractually entitled to its agency fee. Consultancy income is recognised in the accounting period in which the service is rendered, assessed on the basis of actual service provided as a proportion of the total services provided. In respect of valuations, turnover is recognised once the property or business has been inspected. Appraisal income is recognised in the accounting period in which the service is rendered, assessed on the basis of actual service provided as a proportion of the total services to be provided.

Business mortgage broking

Fee income is taken either when a loan offer is secured or when the loan is drawn down.

Insurance broking

Insurance brokerage is accounted for when the insurance policy commences.

Software

Hardware revenues are recognised on installation or as otherwise specified in the terms of the contract. Software revenues are recognised on delivery or as otherwise specified in the terms of the contract. Revenues on maintenance contracts are recognised over the period of the contracts. Revenue in respect of services, such as implementation, training and consultancy, are recognised when the services are performed.

Stock & inventory services

Fees are recognised on completion of the visit to client's premises.

Other income is recognised as follows:

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

2.5 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.6 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Group operating segments are defined as Professional Business Services, Stock & Inventory Systems & Services, and Other. Within these segments, the Board of Directors distinguish between European-based operations and those operations based in the rest of the world on the basis that the risks and returns may vary depending on the economic environment.

Segment assets and liabilities include items that are directly attributable to a segment plus an allocation on a reasonable basis of shared items. Any current and deferred tax assets and liabilities are not included in business segments and are thus unallocated.

All transactions between reportable segments are at arm's length.

2. Summary of significant accounting policies continued

2.7 Intangible assets

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises 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. Goodwill arising on acquisitions is capitalised and subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable. Goodwill arising on acquisitions prior to the date of transition to IFRS has been retained at previous UK GAAP amounts as permitted by IFRS 1 'First time adoption of International Accounting Standards'.

Client instructions

Client instructions (instructions to act as agents for clients wishing to purchase or dispose of business assets), recognised on the acquisition of a subsidiary, are stated at fair value as at the date of acquisition, net of amortisation and any provision for impairment. Amortisation is calculated to write down the costs of instructions on a consistent basis to the recognition of the associated revenues, up to a maximum expected life of two years.

Other

Intangible fixed assets such as software are stated at cost, net of amortisation and any provision for impairment. Amortisation is calculated to write down the cost of all intangible fixed assets to their estimated residual value by equal annual instalments over their expected useful economic lives. The expected useful lives are between one and five years.

2.8 Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write down the cost of all tangible fixed assets to estimated residual value by equal annual instalments over their expected useful lives as follows:

Leasehold property	Lease term
Fixtures, fittings and equipment	5 – 10 years
Computer equipment	2 – 3 years
Motor vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

2.9 Leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Rentals under operating leases (net of any incentives received) are charged to the income statement on a straight-line basis over the period of the lease.

2.10 Impairment of assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset, and is determined over periods which are deemed to appropriately reflect the minimum expected period that the cash generating unit will operate for. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units), and their carrying value assessed against management's projection of the present value of cash flows arising over a projected period of 5 years from the Statement of Financial Position date, using growth rates determined by management.

Any assessment of impairment based on value in use takes account of the time value of money and the uncertainty or risk inherent in the future cash flows. The discount rates applied reflect current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

2.11 Investments

The Group classifies its investments depending on the purpose for which the investments were acquired. Management determines the classification of its investments on purchase and re-evaluates this designation at every reporting date. Fixed asset investments in subsidiaries are shown at cost less any provision for impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date.

Purchases and sales of investments held as available for sale financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

2. Summary of significant accounting policies continued

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. For investments in equity instruments and unlisted securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured these are valued at cost.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired.

2.12 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

2.13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income statement.

2.14 Cash and cash equivalents

Cash and cash equivalents are recognised initially at fair value and subsequently measured at amortised cost. Cash and cash equivalents comprise cash in hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

2.15 Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.16 Taxation including deferred tax

Tax on company profits is provided for at the current rate applicable in each of the relevant territories.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

2.17 Share capital and share premium

Ordinary shares are classified as equity.

Where any Group company or the Employee Share Ownership Plan (ESOP) trust purchases the Company's equity share capital (own shares), the consideration paid, including any directly attributable incremental costs (net of taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Company's equity holders.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends, which are paid prior to approval by the Company's shareholders they are recognised on payment.

2.19 Invoice finance

Trade receivables are subject to an invoice finance facility whereby an advance is received based upon and secured upon trade receivables. The carrying value is stated at the fair value of the amount repayable at the date of the statement of financial position.

2.20 Employee benefits

Pension obligations

The Group has both defined benefit and defined contribution schemes. A defined benefit scheme is a pension scheme that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. A defined contribution scheme is a pension scheme under

2. Summary of significant accounting policies continued

which the Group pays fixed contributions into a separate entity. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

Pension obligations – Defined benefit schemes

The liability recognised in the statement of financial position in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the statement of financial position date less the fair value of scheme assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

Pension obligations – Defined contribution scheme

Group companies contribute towards a personal pension scheme for their participating employees. These employees are currently entitled to such contributions after a qualifying period has elapsed. Payments to the scheme are charged as an employee benefit expense as they fall due. The Group has no further payment obligations once the contributions have been paid.

Share based compensation

The fair value of employee share option schemes, including Save As You Earn (SAYE) schemes, is measured by a Black-Scholes pricing model. Further details are set out in Note 23a. In accordance with IFRS 2 'Share-based Payments' the resulting cost is charged to the income statement over the vesting period of the options. The value of the charge is adjusted to reflect expected and actual levels of options vesting.

No expense was recognised in respect of share options granted before 7 November 2002 and those which had vested before 1 January 2005.

For share options granted after 7 November 2002 and vested after 1 January 2005 the Group operates an equity-settled, long term incentive plan designed to align management interests with those of shareholders. The fair value of the employee's services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

Commissions and bonus plans

The Group recognises a liability and an expense for commissions and bonuses, based on formula driven calculations. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 Provisions

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

3. Financial risk management

The Group uses a limited number of financial instruments, comprising cash, short-term deposits, bank loans and overdrafts and various items such as trade receivables and payables, which arise directly from operations. The Group does not trade in financial instruments.

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

At 31 December 2014, if sterling had strengthened by 10% against the Euro, with all other variables held constant, the post tax profit for the year would have been £4,000 higher (2013: £50,000 higher) mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables, cash and cash equivalents, and trade payables. Applying the same variables to foreign exchange differences recognised directly in equity the effect would be a reduction in equity of £49,000 (2013: £40,000).

b) Credit risk

The Group has no significant concentrations of credit risk and has policies in place to ensure that sales are made to customers with an appropriate credit history.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Group uses an invoice financing arrangement in a group undertaking to mitigate liquidity risk. The Group ensures it has adequate cover through the availability of bank overdraft and loan facilities.

At 31 December 2014 total borrowings by the Group amounted to £4,385,000 (2013: £4,483,000), with additional available unutilised credit facilities at 31 December 2014 of £1,020,000 (2013: £927,000).

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Total cash and cash equivalents held by the group at 31 December 2014 were £3,770,000 (2013: £1,747,000).

d) Cash flow and interest rate risk

The Group finances its operations through a mix of cash flow from current operations together with cash on deposit and bank and other borrowings. Borrowings are generally at floating rates of interest and no use of interest rate swaps has been made.

The Group's interest rate risk arises from cash balances and borrowings subject to variable interest rates. For the year ended 31 December 2014, assuming all other variables remained equal but interest rates were 0.25% higher or lower throughout the year, the impact on post tax losses would be a maximum increase or decrease of £3,000 (2013: £5,000).

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or alter debt levels.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimated impairment of goodwill

Goodwill is subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set out in Note 14.

b) Retirement benefit obligations

The assumptions used to measure the expense and liabilities related to the Group's two defined benefit pension plans are reviewed annually by professionally qualified, independent actuaries, trustees and management as appropriate.

Management base their assumptions on their understanding and interpretation of applicable scheme rules which prevail at the statement of financial position date. The measurement of the expense for a period requires judgement with respect to the following matters, among others:

- the probable long-term rate of increase in pensionable pay;
- the discount rate; and
- the estimated life expectancy of participating members.

The assumptions used by the Group, as stated in Note 25, may differ materially from actual results, and these differences may result in a significant impact on the amount of pension expense recorded in future periods. In accordance with IAS 19, the Group recognises all actuarial gains and losses immediately in other comprehensive income.

c) Deferred taxation

Deferred tax assets are recognised to the extent that the Group believes it is probable that future taxable profit will be available against which temporary timing differences and losses from previous periods can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

5. Loss of the parent company

As permitted by section 408 of the Companies Act 2006 the Income Statement and Statement of Comprehensive Income of the Parent Company is not presented as part of these financial statements. The Parent Company made a profit after tax of

£257,000 (2013: loss of £473,000). It had other comprehensive losses of £935,000 (2013: £287,000 income). It had dividends paid of £459,000 and dividends received of £1,700,000 making total comprehensive profit for the year of £563,000.

6. Segment information

The Group is organised into two main operating segments: Professional Business Services and Stock & Inventory Systems & Services.

The segment results for continuing operations for the year ended 31 December 2014 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment sales	33,343	27,772	2,549	63,664
Inter-segment sales	(104)	–	(2,549)	(2,653)
Revenue	33,239	27,772	–	61,011
Operating profit	3,276	202	228	3,706
Net finance (costs)/credit	(306)	(96)	55	(347)
Profit before tax				3,359
Taxation				(1,142)
Profit for the year after tax				2,217

6. Segment information continued

The segment results for continuing operations for the year ended 31 December 2013 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment sales	28,404	25,854	2,473	56,731
Inter-segment sales	(104)	–	(2,473)	(2,577)
Revenue	28,300	25,854	–	54,154
Operating profit/(loss before exceptional items)	936	1,100	(469)	1,567
Exceptional items	(442)	–	–	(442)
Operating (loss)/profit after exceptional items	494	1,100	(469)	1,125
Net finance (costs)/credit	(455)	(128)	(1)	(584)
Profit before tax				541
Taxation				(351)
Profit for the year after tax				190

Other segment items included in the income statements for continuing operations for the years ended 31 December 2014 and 2013 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
31 December 2014				
Depreciation and amortisation	177	278	3	458
Impairment of trade receivables	(23)	79	–	56
31 December 2013				
Depreciation and amortisation	284	278	2	564
Impairment of trade receivables	17	36	–	53

The segment assets and liabilities at 31 December 2014 and capital expenditure for the year then ended are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Assets	10,133	6,291	2,867	19,291
Deferred tax assets				3,817
Current tax assets				12
				23,120
Liabilities	15,250	6,747	3,067	25,064
Borrowings				4,385
Current tax liabilities				403
				29,852
Capital expenditure	248	234	7	489

Notes to the consolidated financial statements continued

6. Segment information continued

The segment assets and liabilities at 31 December 2013 and capital expenditure for the year are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Assets	7,691	6,162	3,086	16,939
Deferred tax assets				2,628
Current tax assets				190
				19,757
Liabilities	8,747	5,091	1,527	15,365
Borrowings				4,483
				19,848
Capital expenditure	116	448	–	564

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude taxation.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The Group manages its operating segments on a global basis. The UK is the home country of the parent. The Group's revenue is mainly generated in Europe.

Revenue for continuing operations is allocated below based on the entity's country of domicile.

	2014 £'000	2013 £'000
Revenue		
Europe	60,597	53,607
Rest of the World	414	547
	61,011	54,154

Total segment assets are allocated based on where the assets are located.

	2014 £'000	2013 £'000
Total segment assets		
Europe	19,231	16,778
Rest of the World	60	161
	19,291	16,939

Capital expenditure is allocated based on where the assets are located.

	2014 £'000	2013 £'000
Capital expenditure		
Europe	489	564
Rest of World	–	–
	489	564

6. Segment information continued

	2014 €'000	2013 €'000
Analysis of revenue by category		
Sale of goods	137	235
Revenue from services	60,874	53,919
	61,011	54,154

7. Employee benefit expenses

Staff costs for the Group during the year	2014 €'000	2013 €'000
Wages and salaries	35,272	31,714
Social security costs	3,712	3,294
Pension costs	1,217	1,073
Post employment benefits	84	97
Other long-term benefits	(108)	(112)
Cost of employee share scheme	97	55
	40,274	36,121

Average actual number of people (including executive directors) employed by the Group during the year was

	2014 Number	2013 Number
Operational	3,369	2,598
Administration and support staff	253	242
	3,622	2,840

Average full time equivalent number of people (including executive directors) employed by the Group during the year was

	2014 Number	2013 Number
Operational	872	854
Administration and support staff	253	242
	1,125	1,096

8. Finance costs

	2014 €'000	2013 €'000
Interest payable on bank loans and overdrafts	95	103
Other interest payable	30	17
Pension scheme finance costs	231	468
Total finance costs for continuing operations	356	588
Bank interest receivable	(9)	(4)
Total finance credit for continuing operations	(9)	(4)
Net finance costs for continuing operations	347	584

9. Profit before tax

	Group	
	2014 £'000	2013 £'000
Profit before tax is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
– owned assets	387	411
Amortisation of intangible fixed assets	71	153
Loss/(profit) on sale of property, plant and equipment	7	(18)
Operating lease charges		
– buildings	1,175	1,235
– other	852	708
Impairment of trade receivables (see note 22)	56	53
Repairs and maintenance expenditure on property, plant and equipment	166	108
Loss on foreign exchange	15	22

Services provided by the Group's auditor

During the year the Group obtained the following services from the Group's auditor as detailed below:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Audit services				
– audit of the parent company and consolidated financial statements	17	17	17	17
– audit of the subsidiary company financial statements	107	106	–	–
Total audit fees	124	123	17	17
Group pension scheme audit fees	13	13	–	–
Other services				
– other services	8	8	8	8

10. Taxation

	2014 £'000	2013 £'000
Current tax		
UK Corporation tax at 21.5% (2013: 20%)	(403)	237
Foreign tax	(24)	–
Adjustment in respect of prior years	(8)	–
Total current tax (charge)/credit	(435)	237
Deferred tax		
Origination and reversal of timing differences	(630)	(373)
Impact of change in the UK corporation tax rate	(77)	(215)
Total deferred tax charge	(707)	(588)
Tax charge on profit on ordinary activities	(1,142)	(351)

10. Taxation continued

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 20.0% as follows:

Tax on profit on ordinary activities

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	3,359	512
Profit on ordinary activities at standard rate of UK corporation tax of 21.5%/20% (2013: 20%)	(719)	(102)
Effects of:		
– expenses not deductible for tax purposes	(354)	(259)
– tax losses for which no deferred tax asset has been previously recognised	8	225
Re-measurement of deferred tax asset due to changes in the UK corporation tax rate	(77)	(215)
Total tax charge	(1,142)	(351)

During the year, as a result of the change in the UK corporation tax rate, the opening deferred tax balances have been re-measured. Deferred tax assets recognised at 1 January 2014 which had been measured at 21% at 31 December 2013 have been re-measured using the enacted rate that applied at 31 December 2014 (20%).

11. Dividends

A dividend in respect of the year ended 31 December 2014 of 1.5p per share, amounting to a total dividend of £398,000 is to be proposed at the Annual General Meeting on 16 June 2015. These financial statements do not reflect this proposed dividend.

12. Non-current assets held for sale and discontinued operations

On 31 January 2013, Christie + Co FZ LLC, a 95% owned subsidiary of Christie Group plc, ceased trading following the Board's decision to voluntarily liquidate the operation. The operations of Christie + Co FZ LLC have been classified as a discontinued operation.

The results of Christie + Co FZ LLC are as follows:

	31 December 2014 £'000	31 December 2013 £'000
Revenue	–	9
Employee benefit expenses	–	–
Other operating expenses	–	9
	–	(38)
Operating loss	–	(29)
Finance costs	–	–
Loss from discontinued operations	–	(29)
Total comprehensive losses from discontinued operations	–	(29)

13. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, which excludes the shares held in the Employee Share Ownership Plan (ESOP) trust.

	31 December 2014 £'000	31 December 2013 £'000
Profit from continuing operations attributable to equity holders of the Company	2,455	241
Loss from discontinued operations attributable to equity holders of the Company	–	(29)
Profit from total operations attributable to equity holders of the Company	2,455	212

	31 December 2014 Thousands	31 December 2013 Thousands
Weighted average number of ordinary shares in issue	26,285	25,889
Adjustment for share options	1,011	466
Weighted average number of ordinary shares for diluted earnings per share	27,296	26,355

	31 December 2014 Pence	31 December 2013 Pence
Basic earnings per share		
Continuing operations	9.34	0.93
Discontinued operations	–	(0.11)
Total operations	9.34	0.82
Fully diluted earnings per share		
Continuing operations	8.99	0.91
Discontinued operations	–	(0.11)
Total operations	8.99	0.80

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: share options.

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

14. Intangible assets – goodwill

Group	Total £'000
Cost	
At 1 January 2014	1,793
Foreign currency translation effects	(53)
At 31 December 2014	1,740

14. Intangible assets – goodwill continued

Group	Total €'000
Cost	
At 1 January 2013	1,011
Additions (Note 34a)	801
Foreign currency translation effects	(19)
At 31 December 2013	1,793

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. The carrying amounts of goodwill by segment as at 31 December 2014 are as follows:

	Professional Business Services €'000	Stock & Inventory Systems & Services €'000
Goodwill	178	1,615

During the year, the acquired goodwill was tested for impairment in accordance with IAS 36 on the basis of the relevant CGUs. Following the impairment tests there has been no change to the carrying values. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on current business plans. The key assumptions for the value-in-use calculations are those regarding revenue growth rates, discount rates and long-term growth rates over a period of 5 years from the statement of financial position date. Management determined budgeted revenue growth based on past performance and its expectations for the market development. Discount rates were determined using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Cash flows beyond the five-year period are extrapolated using estimated long term growth rates obtained from HM Treasury for both the UK and Continental Europe.

The revenue growth rate does not exceed the long-term average growth rate for the businesses in which the CGUs operate.

	Professional Business Services %	Stock & Inventory Systems & Services %
Discount rates	10.0	10.0
Long-term growth rates	5.0	5.0

15. Intangible assets – other

Group	Software €'000	Total €'000
Cost		
At 1 January 2014	683	683
Additions	266	266
Disposals	(106)	(106)
Foreign currency translation effects	(5)	(5)
At 31 December 2014	838	838
Accumulated amortisation and impairment		
At 1 January 2014	176	176
Charge for the year	71	71
Disposals	(106)	(106)
At 31 December 2014	141	141
Net book amount at 31 December 2014	697	697

Notes to the consolidated financial statements continued

15. Intangible assets – other continued

Group	Client instructions £'000	Software £'000	Total £'000
Cost			
At 1 January 2013	256	474	730
On acquisition (note 34)	–	18	18
Additions	–	267	267
Disposals	(256)	(76)	(332)
At 31 December 2013	–	683	683
Accumulated amortisation and impairment			
At 1 January 2013	115	212	327
Charge for the year	109	44	153
Revaluation	(224)	(76)	(300)
Disposals	–	(4)	(4)
At 31 December 2013	–	176	176
Net book amount at 31 December 2013	–	507	507

16. Property, plant and equipment

Group	Short leasehold property £'000	Fixtures, fittings, computer equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2014	303	3,420	3,723
Additions	–	223	223
Disposals	(264)	(317)	(581)
Foreign currency translation effects	–	(34)	(34)
At 31 December 2014	39	3,292	3,331
Accumulated depreciation			
At 1 January 2014	303	2,332	2,635
Charge for the year	–	387	387
Disposals	(264)	(296)	(560)
Foreign currency translation effects	–	(24)	(24)
At 31 December 2014	39	2,399	2,438
Net book amount at 31 December 2014	–	893	893

16. Property, plant and equipment continued

Group	Short leasehold property £'000	Fixtures, fittings, computer equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2013	303	3,710	4,013
Acquisition of subsidiary	–	15	15
Additions	–	297	297
Disposals	–	(577)	(577)
Foreign currency translation effects	–	(25)	(25)
At 31 December 2013	303	3,420	3,723
Accumulated depreciation			
At 1 January 2013	303	2,478	2,781
Charge for the year	–	411	411
Disposals	–	(559)	(559)
Foreign currency translation effects	–	2	2
At 31 December 2013	303	2,332	2,635
Net book amount at 31 December 2013	–	1,088	1,088

17. Deferred tax

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

The movements in deferred tax assets (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Deferred tax assets comprises:				
Decelerated capital allowances	369	507	–	–
Losses not yet utilised	243	651	147	230
Short-term timing differences	411	463	17	–
Deferred tax asset	1,023	1,621	164	230
Deferred tax asset on pension	2,794	1,007	248	71
At 31 December	3,817	2,628	412	301

Movements in the deferred tax asset:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
At 1 January	2,628	4,401	301	443
Credited/(charged) to statement of comprehensive income	1,189	(1,773)	111	(142)
At 31 December	3,817	2,628	412	301

17. Deferred tax continued

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is considered probable. The deferred tax asset of £243,000 (2013: £651,000) relating to losses not yet utilised is derived from unutilised tax losses of £1,218,000 (2013: £3,100,000). In considering the future probability that these losses will be fully utilised, the directors make reference to i) the past performance of individual subsidiary entities and the sectors and markets within which they operate as an indicator of future trading potential, particularly for those entities which are more subject to cyclical economic factors, ii) the budgeted performance of each entity and its ability to trade profitably and so utilise losses, iii) the medium and long term strategy for profit generation applicable to each entity and iv) the circumstances which have given rise to the losses in the first instance. Where the directors are satisfied that these loss-making circumstances no longer prevail and, having considered both previous actual and future anticipated performance, that the future profitability of the operations from which the losses are derived will be sufficient to allow for the full utilisation of these losses, the directors are satisfied that a deferred tax asset should be recognised accordingly.

The Group did not recognise deferred tax assets of £105,000 (2013: £114,000) in respect of losses amounting to £489,000 (2013: £489,000) that can be carried forward against future taxable income as the realisation of the benefit cannot be assessed as probable as at 31 December 2014.

UK deferred tax assets have been recognised at the UK corporation tax rate of 20% effective from 1 April 2015.

The UK government has announced future changes to the Corporation tax rate. These changes will result in a decrease in the standard rate of corporation tax to 20% in April 2015. As at 31 December 2014 the substantively enacted rate for the tax year ending March 2016 is 20% and in accordance with applicable accounting standards the deferred tax asset has been calculated using this rate.

18. Investments in subsidiaries

Company	Total £'000
Cost	
At 1 January 2014 and 31 December 2014	6,149
Provision for impairment	
At 1 January 2014 and 31 December 2014	3,586
Net book amount at 31 December 2014	2,563

Company	Total £'000
Cost	
At 1 January 2013 and 31 December 2013	6,149
Provision for impairment	
At 1 January 2013 and 31 December 2013	3,586
Net book amount at 31 December 2013	2,563

18. Investments in subsidiaries continued

Subsidiary undertakings

At 31 December 2014 the principal subsidiaries were as follows:

Company	Principal place of business and country of incorporation**	Ownership	Nature of business
Christie, Owen & Davies Ltd (trading as Christie + Co)*	UK	100%	Business valuers, surveyors and agents
Christie + Co SAS*	France	100%	Business valuers, surveyors and agents
Christie + Co GmbH*	Germany	100%	Business valuers, surveyors and agents
Christie, Owen & Davies SL*	Spain	100%	Business valuers, surveyors and agents
Christie + Co Oy*	Finland	100%	Business valuers, surveyors and agents
Christie + Co Austria*	Austria	100%	Business valuers, surveyors and agents
Christie Business Property Advisers (Ireland) Ltd*	Republic of Ireland	100%	Business valuers, surveyors and agents
Pinders Professional & Consultancy Services Ltd	UK	100%	Business appraisers
RCC Business Mortgage Brokers Ltd (trading as Christie Finance)	UK	100%	Business mortgage brokers
RCC Insurance Brokers Ltd* (trading as Christie Insurance)	UK	100%	Insurance brokers
Orridge & Co Ltd	UK	100%	Stocktaking and inventory management services
Orridge Inventory Service GmbH*	Germany	75%	Stocktaking and inventory management services
Inventory Service Austria GmbH*	Austria	75%	Stocktaking and inventory management services
Inventory Service Suisse GmbH*	Switzerland	75%	Stocktaking and inventory management services
Inventory Service Slovakia s.r.o.*	Slovakia	75%	Stocktaking and inventory management services
Inventory Service Czech Republic s.r.o.*	Czech Republic	75%	Stocktaking and inventory management services
Inventory Service Iberia SL*	Spain	75%	Stocktaking and inventory management services
Ridgecop Limited*	UK**	100%	Stocktaking and inventory management services
Venners Ltd	UK	100%	Licensed stock and inventory auditors and valuers
Vennersys Ltd (formerly Venners Systems & Services Ltd)	UK	100%	EPoS, head office systems and merchandise control
Vennersys Corp (trading as Vennersys)	Canada	100%	EPoS, head office systems and merchandise control

* The Company directly or indirectly owns ordinary share capital of each of the above companies. Those designated with an asterisk represent indirect ownership.

** The place of business of Ridgecop Limited is Belgium.

18. Investments in subsidiaries continued

18a. Available-for-sale financial assets

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Non-current assets				
Cost				
At 1 January	485	300	485	300
Additions	150	185	150	185
At 31 December	635	485	635	485

The available-for-sale financial assets are all denominated in sterling.

The available-for-sale financial asset represents an unquoted investment. The asset is held at fair value, which the Directors consider to not be materially different from its cost. The asset is classified as an available-for-sale asset by virtue of its non-classification in any other asset category. Under IFRS 13 Fair Value Measurement, the carrying value of the asset is classified under the fair value hierarchy as Level 3.

19. Other receivables

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Non-current assets				
Amounts due from group undertakings	–	–	8,699	9,167
Less: provision for impairment of amounts due from group undertakings	–	–	(611)	(569)
Other debtors	465	500	465	500
Other receivables	465	500	8,553	9,098

The Company's non-current other receivables are denominated in sterling.

Amounts due from group undertakings represent loans due from subsidiaries which are repayable after more than one year.

Other debtors represent loans in respect of the Group's share schemes repayable after more than one year, none of which are impaired.

20. Inventories

	Group	
	2014 £'000	2013 £'000
Finished goods and goods for resale	2	–

21. Cash and cash equivalents

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Cash at bank and in hand	3,770	1,747	4	5

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Cash and cash equivalents	3,770	1,747	4	5
Bank overdrafts (note 27)	(3,764)	(3,877)	(3,566)	(3,619)
	6	(2,130)	(3,562)	(3,614)

The Group operates a centrally-controlled treasury function where the use of overdraft facilities is concentrated with the ultimate parent company. As a result at 31 December 2014 the ultimate parent undertaking had utilised bank overdrafts to the value of £3,566,000 (2013: £3,619,000).

22. Trade and other receivables

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade receivables	7,287	7,257	–	–
Less: provision for impairment of receivables	(620)	(775)	–	–
Amounts owed by group undertakings	–	–	2,688	2,305
Other debtors	1,951	2,003	419	594
Prepayments	2,329	2,106	89	107
Accrued income	142	228	–	–
	11,089	10,819	3,196	3,006

The fair values of trade and other receivables approximates to the carrying value as detailed above.

Movements on the Group's provision for impairment of trade receivables are as follows:

	Group	
	2014 £'000	2013 £'000
Provision at 1 January	775	788
Amounts provided in previous period not utilised	(517)	(418)
Provided in the period	573	471
Impairment of receivables recognised in the Consolidated Income Statement *	56	53
Amounts written off in the year	(211)	(66)
Provision at 31 December	620	775

* Included within this amount is Enil (2013: Enil) relating to discontinued operations.

Amounts are written off when there is no expectation of recovering additional cash.

Notes to the consolidated financial statements continued

22. Trade and other receivables continued

The following summary details trade receivables that are not overdue (where payment terms have not been exceeded) as well as an analysis of overdue amounts and related provisions.

	Group	
	2014 £'000	2013 £'000
Not overdue	3,506	3,536
Amounts past due:		
← 1 month	2,158	1,808
1 – 3 months	734	1,011
3 – 6 months	510	340
6 – 12 months	221	232
→ 1 year	158	330
Provision for impairment of trade receivables	(620)	(775)
Amounts past due but not impaired	3,161	2,946

The carrying value of trade receivables is reviewed and amounts not provided for are considered recoverable. Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and diverse. Due to this, management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables. The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Sterling	10,119	9,539	3,196	3,006
Euros	924	1,148	–	–
Canadian Dollars	45	107	–	–
Swiss Francs	–	16	–	–
Czech Korunas	1	9	–	–
	11,089	10,819	3,196	3,006

23. Share capital

	2014		2013	
	Number	£'000	Number	£'000
Ordinary shares of 2p each				
Allotted and fully paid:				
At 1 January	26,526,729	531	25,263,551	505
Issue of shares	–	–	1,263,178	26
At 31 December	26,526,729	531	26,526,729	531

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

The Company placed 1,263,178 new 2p Ordinary shares during 2013. The shares were placed at 62p per share, raising a total of £784,000.

Investment in own shares

The Group has established an Employee Share Ownership Plan (ESOP) trust in order to meet its future contingent obligations under the Group's share option schemes. The ESOP purchases shares in the market for distribution at a later date in accordance with the terms of the Group's share option schemes. The rights to dividends on the shares held have been waived.

23. Share capital continued

At 31 December 2014 the total payments by the Company to the ESOP to finance the purchase of ordinary shares were £2,639,000 (2013: £2,067,000). This figure is inclusive of shares purchased and subsequently issued to satisfy employee share awards. The market value at 31 December 2014 of the ordinary shares held in the ESOP was £750,000 (2013: £121,000). The investment in own shares represents 532,000 shares (2013: 151,000) with a nominal value of 2p each.

23a. Share based payments

Certain employees hold options to subscribe for shares in the Company at prices ranging from 39.5p to 251.5p under share option schemes for the period from April 2005 to October 2014.

The remaining options outstanding under approved schemes (unapproved options marked *) at 31 December are shown below:

Number of shares		Option exercise price	Date granted	Option exercise period
2014	2013			
3,000	3,000	100.0p	Apr 2005	Apr 2008 – Apr 2015
3,000	3,000	130.5p	Apr 2006	Apr 2009 – Apr 2016
3,000	3,000	251.5p	Mar 2007	Mar 2010 – Mar 2017
20,000	20,000	39.5p	May 2009	May 2012 – May 2019
613,634	636,634	45.0p	May 2009	May 2012 – May 2019
16,000	16,000	45.0p	Jun 2009	Jun 2012 – Jun 2019
140,000	140,000	57.5p	Sep 2009	Sep 2012 – Sep 2019
63,000	72,000	46.5p	May 2010	May 2013 – May 2020
75,000	78,000	58.5p	Sep 2011	Sep 2014 – Sep 2021
39,000	58,000	67.0p	May 2012	May 2015 – May 2022
79,222	79,222	67.5p	Sep 2012	Sep 2015 – Sep 2022
82,778	82,778	67.5p	*Sep 2012	Sep 2015 – Sep 2022
93,833	115,833	75.0p	Oct 2013	Oct 2016 – Oct 2023
127,167	127,167	75.0p	*Oct 2013	Oct 2016 – Oct 2023
48,959	–	134.5p	May 2014	May 2017 – May 2024
121,041	–	134.5p	*May 2014	May 2017 – May 2024
36,000	–	125.0p	Oct 2014	Oct 2017 – Oct 2024
1,564,634	1,434,634			

Under the Share Option Scheme the Remuneration Committee can grant options over shares to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. Awards under the Share Option Scheme are generally reserved for employees at senior management level and 124 employees are currently participating. The Company has made grants at least annually. Options granted under the Share Option Scheme will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment and achievement of a performance target, linked directly to Christie Group plc earnings per share (eps).

The Group also operates a Save As You Earn (SAYE) scheme which was introduced in 2002. Under the SAYE scheme eligible employees can save up to £250 per month over a three or five year period and use the savings to exercise options granted between 59.5p to 116.5p. There were 412,000 (2013: 511,000) remaining options outstanding under the SAYE scheme at 31 December 2014.

Share options (including SAYE schemes) were valued using the Quoted Companies Alliance (QCA) share option valuer, which is based on Black-Scholes. No performance conditions were included in the fair value calculations. The key assumptions used in the calculations for options still unexercised are as follows:

	2014	2013
Share price at grant date	39.5p – 251.5p	39.5p – 251.5p
Exercise price	39.5p – 251.5p	39.5p – 251.5p
Expected volatility	34.4% – 82.9%	34.4% – 78.3%
Expected life (years)	3 – 5 years	3 – 5 years
Risk free rate	0.7% – 5.1%	0.7% – 5.1%
Dividend yield	0.0% – 2.7%	0.0% – 3.7%
Fair value per option	16.40p – 102.80p	14.77p – 84.80p

Notes to the consolidated financial statements continued

23. Share capital continued

The expected volatility is based on historical volatility over the last 5 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

A reconciliation of share option movements (excluding SAYE schemes) over the year to 31 December is shown below:

	2014		2013	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,434,634	56.25p	1,309,634	52.06p
Granted	206,000	132.84p	243,000	75.00p
Lapsed	(76,000)	59.89p	(71,000)	49.15p
Expired	–	–	(47,000)	47.24p
Outstanding at 31 December	1,564,634	66.16p	1,434,634	56.25p
Exercisable at 31 December	936,634	49.04p	893,634	48.12p

Excluding SAYE schemes there were no share options exercised during the year or prior year. The total charge for the year relating to employee share based payment plans was £97,000 (2013: £55,000), all of which related to equity-settled share based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2014 was 6.24 years (2013: 6.8 years).

24. Reserves

Group	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Fair value and other reserves £'000	Retained earnings £'000
At 1 January 2014	4,831	808	(123)	10	5,526	(6,600)
Movement in respect of employee share scheme	–	92	(664)	–	(572)	(5)
Comprehensive losses for the period	–	–	–	–	–	(5,409)
Dividends paid	–	–	–	–	–	(459)
At 31 December 2014	4,831	900	(787)	10	4,954	(12,473)

Group	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Fair value and other reserves £'000	Retained earnings £'000
At 1 January 2013	4,073	747	(142)	10	4,688	(10,113)
Movement in respect of employee share scheme	–	61	19	–	80	(23)
Comprehensive income for the period	–	–	–	–	–	3,868
Proceeds from shares issued	758	–	–	–	758	–
Transfer of non-controlling interest on liquidation	–	–	–	–	–	(75)
Dividends paid	–	–	–	–	–	(257)
At 31 December 2013	4,831	808	(123)	10	5,526	(6,600)

24. Reserves continued

Company	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other reserves £'000	Fair value and other reserves £'000	Retained earnings £'000
At 1 January 2014	4,831	(2)	(123)	10	89	4,805	829
Movement in respect of employee share scheme	–	(4)	(664)	–	–	(668)	–
Comprehensive losses for the period	–	–	–	–	–	–	1,022
Dividends paid	–	–	–	–	–	–	(459)
At 31 December 2014	4,831	(6)	(787)	10	89	4,137	1,392

Company	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other reserves £'000	Fair value and other reserves £'000	Retained earnings (*Restated) £'000
At 1 January 2013	4,073	5	(142)	10	89	4,035	1,295
Movement in respect of employee share scheme	–	(7)	19	–	–	12	(23)
Comprehensive losses for the period	–	–	–	–	–	–	(186)
Proceeds from shares issued	758	–	–	–	–	758	–
Dividends paid	–	–	–	–	–	–	(257)
At 31 December 2013	4,831	(2)	(123)	10	89	4,805	829

Share premium – The balance on the share premium reserve represents the amounts received in excess of the nominal value of the ordinary shares.

Share based payments – The balance on the share based payments reserve represents the value of services provided in relation to employee share ownership schemes.

Own shares – Own shares represents Company shares held in the Employee Share Ownership Plan (ESOP) to meet the future requirements of employee share-based payment arrangements.

Capital redemption reserve – The balance on the capital redemption reserve represents the aggregate nominal value of all the ordinary shares repurchased and cancelled.

25. Group retirement benefit obligations

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

	2014 £'000	2013 £'000
United Kingdom	13,970	4,796

United Kingdom

The obligation outstanding of £13,970,000 includes £1,000,000 relating to David Rugg who transferred 80% of his accrued benefits out of the Christie Group Pension and Assurance Scheme during the year. 20% of the residual benefit remains payable to Mr Rugg under agreement of the Christie Group plc Remuneration Committee.

The Group operates two defined benefit schemes (closed to new members) providing pensions based on final pensionable pay. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

25. Group retirement benefit obligations continued

When a member retires, the pension and any spouse's pension is either secured by an annuity contract or paid from the managed fund. Assets of the schemes are reduced by the purchase price of any annuity purchase and the benefits no longer regarded as liabilities of the scheme.

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

	2014 £'000	2013 £'000
Present value of funded obligations	43,636	44,304
Fair value of plan assets	(43,636)	(44,304)
	–	–
Present value of unfunded obligations	13,970	4,796
Liability in the statement of financial position	13,970	4,796

The principal actuarial assumptions used were as follows:

	2014 %	2013 %
Discount rate	4.00	5.00
Inflation rate	3.00	3.20 – 3.30
Future salary increases	3.00	3.20 – 3.30
Future pension increases	2.30-3.40	2.50 – 3.50

Assumptions regarding future mortality experience are set based on advice from published statistics and experience. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

	2014 Years	2013 Years
Male	22.5	21.1 – 22.3
Female	24.1-24.6	22.7 – 24.6

The movement in the defined benefit obligation is as follows:

	2014 £'000	2013 £'000
At 1 January	49,100	47,797
Interest cost	2,444	2,263
Current service cost	632	567
Benefits paid	(5,038)	(820)
Actuarial losses/(gains) on experience	1,292	(245)
Actuarial losses/(gains) on assumption changes	9,176	(462)
At 31 December	57,606	49,100
Attributable to:		
Present value of funded obligations	43,636	44,304
Present value of unfunded obligations	13,970	4,796
	57,606	49,100

25. Group retirement benefit obligations continued

The movement in the fair value of plan assets is as follows:

	2014 £'000	2013 £'000
At 1 January	44,304	37,797
Return on plan assets less interest income	694	4,186
Net interest income	2,213	1,795
Employee Contributions	164	181
Employer Contributions	1,251	1,219
Benefits paid	(5,038)	(820)
Actuarial gains/(losses)	48	(54)
At 31 December	43,636	44,304

The amounts recognised in the income statement and statement of comprehensive income are as follows:

	2014 £'000	2013 £'000
Current service cost	632	567
Total included in employee benefit expenses	632	567
Net interest cost	231	468
Total included in finance costs	231	468
Actuarial losses/(gains)	9,726	(4,839)
Total included in other comprehensive income/(losses)	9,726	(4,839)

Plan assets are comprised as follows:

	2014			2013		
	Quoted* £'000	Unquoted £'000	Total £'000	Quoted* £'000	Unquoted £'000	Total £'000
Equity	–	31,113	31,113	–	32,391	32,391
Debt	–	5,181	5,181	–	4,756	4,756
Property**	–	2,020	2,020	–	2,057	2,057
Other	–	5,322	5,322	–	5,100	5,100
	–	43,636	43,636	–	44,304	37,797

* Plan assets are held in unit trusts.

** Property assets include Whitefriars House, a leasehold property owned by Carmelite Property Ltd (see note 35).

Through its defined benefit pension plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility – The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will increase the current scheme deficits but, by contrast, if plan assets outperform this yield the scheme deficits will be reduced. The group's pension schemes currently hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, it is probable that the schemes' trustees will seek to reduce the level of investment risk by investing more in assets that better match the liabilities. Currently, the group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the group's long term strategy to manage the plans efficiently.

Changes in bond yields – A decrease in corporate bond yields will increase the present value of plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

25. Group retirement benefit obligations continued

Inflation risk – Some of the group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, for most such liabilities there are inflation cap mechanisms in place which significantly reduce this risk. The majority of the plan's assets are not directly affected by inflation although may be correlated to the impacts that inflation may have on macro economic factors, such as increases in interest rates which might be used if monetary policy were employed to reduce inflation.

Life expectancy – The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(8.2)%	9.2%
Salary growth rate	0.50%	0.7%	(0.7)%
Pension growth rate	0.25%	1.0%	(1.1)%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		2.6%	(2.6)%

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit pension obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Expected contributions to UK post retirement benefit schemes for the year ending 31 December 2015 are £1,285,000.

The weighted average duration of the defined benefit obligation is 19.0 years (2013: 19.1 years)

Expected maturity analysis of undiscounted pension benefits:

As at 31 December 2014	Less than a year £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
Pension benefits	1,601	1,040	4,344	120,814	127,799

Company

The income statement credit of £187,000 (2013: £16,000) and statement of financial position liability of £1,238,000 (2013: £336,000) recognised by the Company in relation to the Christie Group defined benefit scheme has been allocated on the basis of actuary data. For the year ended 31 December 2014 contributions paid by the Company amounted to £80,000 (2013: £83,000).

26. Trade and other payables

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade payables	1,157	1,551	107	205
Amounts owed to group undertakings	–	–	2,982	4,288
Other taxes and social security	2,437	1,701	433	193
Other creditors	925	1,180	615	580
Accruals	3,841	3,526	345	262
Deferred income	444	407	–	–
	8,804	8,365	4,482	5,528

The carrying value of all amounts shown above corresponds to their fair value.

The carrying amounts of trade and other payables are denominated in the following currencies:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Sterling	7,827	6,617	4,482	5,528
Euros	902	1,583	–	–
Canadian Dollars	57	129	–	–
Swiss Francs	13	22	–	–
Czech Korunas	4	14	–	–
	8,803	8,365	4,482	5,528

27. Borrowings

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Current				
Bank overdrafts	3,764	3,877	3,566	3,619
Invoice finance (secured against debtors)	621	606	–	–
	4,385	4,483	3,566	3,619

The Group is not subject to any contractual repricing.

The carrying amounts of current borrowings approximate to their fair value.

28. Provisions

	Vacant leasehold provisions £'000	Long-term benefits due to employees £'000	Dilapidations £'000	Total £'000
At 1 January 2014	44	1,881	279	2,204
Charged to the income statement				
– Additional provision	–	184	58	242
Utilised during the year	(7)	(74)	(74)	(155)
At 31 December 2014	37	1,991	263	2,291

	Vacant leasehold provisions £'000	Long-term benefits due to employees £'000	Dilapidations £'000	Total £'000
At 1 January 2013	116	2,313	447	2,876
Charged to the income statement				
– Additional provision	–	31	172	203
Utilised during the year	(72)	(463)	(340)	(875)
At 31 December 2013	44	1,881	279	2,204

Analysis of total provisions:

	2014 £'000	2013 £'000
Non-current	258	561
Current	2,033	1,643
	2,291	2,204

a. Long-term benefits due to employees

Provisions for long-term benefits to employees comprise £67,000 for incentives in excess of one year's duration. These are determined in line with the projected unit credit method.

b. Dilapidations

Provision is held in respect of dilapidations arising on leasehold premises over the length of the lease in accordance with the lease terms.

The non-current liabilities are estimated to be payable over periods from one to fifteen years.

c. Vacant leasehold provisions

Provisions are held for rental costs and related premises charges on leasehold commitments for excess or unutilised space, net of expected income from anticipated sub-lease arrangements. All provisions are carried at present value after applying an appropriate discount rate, and all non-current liabilities are estimated to be payable over periods from one to seven years.

29. Notes to the cash flow statement

Cash generated from/(used in) operations

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Continuing operations				
Profit/(loss) for the year after tax	2,217	190	257	(473)
Adjustments for:				
– Taxation	1,142	351	164	(64)
– Finance costs/(credit)	116	116	(111)	(100)
– Depreciation	387	411	–	–
– Amortisation of intangible assets	71	153	–	–
– Impairment of investments in subsidiaries	–	–	80	–
– Loss/(profit) on sale of property, plant and equipment	7	(42)	–	–
– Foreign currency translation	83	102	(5)	–
– Increase/(decrease) in provisions	87	(672)	–	–
– Share option charge	92	61	1	–
– Movement in retirement benefit obligation	(552)	(365)	(263)	(62)
– Decrease/(increase) in non-current other receivables	35	(184)	–	–
Changes in working capital (excluding the effects of exchange differences on consolidation):				
– (Increase)/decrease in inventories	(2)	1	–	–
– (Increase)/decrease in trade and other receivables	(270)	(9)	275	(1,455)
– (Decrease)/increase in trade and other payables	(225)	(121)	(1,710)	813
Cash generated from/(used in) continuing operations	3,188	(8)	(1,312)	(1,341)
Discontinued operations				
Loss for the year after tax	–	(29)	–	–
Adjustments for:				
– Loss on sale of property, plant and equipment	–	24	–	–
– Foreign currency translation	–	1	–	–
Changes in working capital (excluding the effects of exchange differences on consolidation):				
– Increase in trade and other receivables	–	28	–	–
– Decrease in trade and other payables	–	(371)	–	–
Cash used in discontinued operations	–	(347)	–	–
Cash generated from/(used in) operations	3,188	(355)	(1,312)	(1,341)

30. Reconciliation of movement in net debt

	As at 1 January 2014 £'000	Cash flow £'000	As at 31 December 2014 £'000
Cash and cash equivalents	1,747	2,023	3,770
Bank overdrafts	(3,877)	113	(3,764)
Invoice finance	(2,130)	2,136	6
	(606)	(15)	(621)
Net debt	(2,736)	2,121	(615)

31. Financial assets & liabilities

The carrying value of financial assets and liabilities, which are principally denominated in Sterling, Euros, Canadian dollars, United Arab Emirate Dirhams, Swiss Francs or Czech Korunas were as follows:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Assets				
Available-for-sale financial assets	635	485	635	485
Trade and other receivables	11,554	11,319	11,749	12,104
Cash and cash equivalents	3,770	1,747	4	5
	15,959	13,551	12,388	12,594

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Liabilities				
Retirement benefit obligations	13,970	4,796	1,238	336
Provisions	2,291	2,204	–	–
Trade and other payables	8,804	8,365	4,482	5,528
Borrowings	4,385	4,483	3,566	3,619
	29,450	19,848	9,286	9,483

32. Commitments

a. Operating lease commitments

At 31 December 2014 the Group has lease agreements in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years.

	2014		2013	
	Property £'000	Vehicles and equipment £'000	Property £'000	Vehicles and equipment £'000
Commitments under non-cancellable operating leases due:				
Within one year	1,011	629	1,097	780
Within two to five years	3,047	542	3,369	854
After five years	7,305	–	7,617	583
	11,363	1,171	12,083	2,217

Operating lease payments represent:

- rentals payable by the Group for certain of its office properties. The leases have varying terms, break clauses and renewal rights.
- rentals for vehicles and equipment under non-cancellable operating lease agreements.

The Group also sub-lets an element of office space in respect of certain property lease agreements. The future minimum sublease payments expected to be received under non-cancellable subleases at the statement of financial position date was £nil (2013: £18,000).

33. Contingent liabilities

In the ordinary course of business, claims arise in Group companies. In the opinion of the Directors, appropriate amounts have been set aside in the individual companies within the Group in respect of liabilities which they may suffer as a result of the resolution of these claims. As at 31 December 2014 no material unprovided contingent liabilities existed (2013: £nil).

34. Business combinations

a. Acquisitions in 2013

- On 1 September 2013, Reedwall Limited, a wholly owned subsidiary of Christie Group plc, completed the acquisition of 75% of the issued share capital of Orridge Inventory Services GmbH for a consideration of €2, the company was incorporated in Germany and whose principal activities are that of a holding company of the Inventory Service Group with five subsidiaries across Europe.
- On 14 May 2013, Christie & Co (Holdings) Limited, a wholly owned subsidiary of Christie Group plc, acquired a 100% shareholding in the ordinary shares of Christie Business Property Advisers (Ireland) Limited, a newly incorporated company registered in the Republic of Ireland. The newly incorporated company remained dormant until it began trading on 1 January 2014.

b. Disposal in 2013

- On 31 January 2013, Christie + Co FZ LLC, a 95% owned subsidiary of Christie Group plc, ceased trading following the Board's decision to voluntarily liquidate the operation. The operations of Christie + Co FZ LLC have been classified as discontinued operations in the years ended 31 December 2013 and 2012. The loss on liquidation was £29,000.

35. Related-party transactions

Group

There is no controlling interest in the Group's shares.

The Group Executive Directors are considered to be the persons who have the authority and responsibility for planning, directing and controlling the Group. Details of the remuneration of the Group Executive Directors is included in the Directors' remuneration report on page 33, along with details of remuneration for Non-Executive directors.

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. In the opinion of the board, the company's key management comprises the directors and information regarding their emoluments stated in accordance with IFRS is set out below:

	2014 £'000	2013 £'000
Directors' remuneration per Directors' report	1,831	1,490
Employers' NI	232	186
Total remuneration	2,063	1,676

	2014 £'000	2013 £'000
Dividends paid to Directors	268	144

The Income Statement charge in respect of share options held by directors is £25,000 (2013: £3,000).

Company

Transactions with Group undertakings:

	2014 £'000	2013 £'000
Provision of services	4,344	4,068
Purchase of services	760	811

Sales and purchases to group undertakings were carried out on commercial terms and conditions.

Year end balances arising from sales and provision of services to group undertakings are disclosed in Notes 19, 22 and 26.

See Note 19 for provisions against amounts due from group undertakings.

During the period rentals of £318,000 (2013:£310,000) were paid to Carmelite Property Limited, a company incorporated in England and Wales, and jointly owned by The Christie Group Pension and Assurance Scheme, The Venners Retirement Benefit Fund and The Fitzroy Square Pension Fund, by Christie Group plc in accordance with the terms of a long-term lease agreement.

Five-year record

Consolidated income statement

	2014 £'000	2013 £'000	2012 (*Restated) £'000	2011 £'000	2010 £'000
Revenue	61,011	54,154	56,087	53,290	48,905
Operating profit/(loss) before exceptional items	3,706	1,567	1,404	745	1,042
Exceptional items	–	(442)	–	(405)	–
Finance (costs)/credit	(347)	(584)	(333)	(103)	(103)
Profit/(loss) on ordinary activities before tax	3,359	541	1,071	237	939
Taxation	(1,142)	(351)	(386)	(386)	455
Profit/(loss) on ordinary activities after tax	2,217	190	685	(149)	1,394
Non-controlling interest	238	51	40	35	–
Profit/(loss) attributable to equity holders of the parent	2,455	241	725	(114)	1,394
Earnings per share					
– basic	9.34p	0.81p	2.89p	(0.46p)	5.64p
Dividends per ordinary share (payable in respect of the year)	2.25p	1.50p	1.00p	0.50p	1.00p

The 2012 and 2013 results shown above are for continuing operations only.

Consolidated statement of financial position

	2014 £'000	2013 £'000	2012 (*Restated) £'000	2011 (*Restated) £'000	2010 £'000
Non-current assets	8,247	7,001	7,663	7,051	6,415
Current assets	14,873	12,756	12,162	12,357	11,794
Non-current liabilities	(258)	(561)	(734)	(554)	(2,093)
Current liabilities	(15,625)	(14,491)	(13,629)	(13,316)	(10,438)
	7,237	4,705	5,462	5,538	5,678
Retirement benefit obligations	(13,970)	(4,796)	(10,000)	(4,292)	(3,222)
Net assets	(6,733)	(91)	(4,538)	1,246	2,456

Shareholder information

Company information

Investor and shareholder-related information can be found on our website at: www.christiegroup.com

Online copy

An electronic version of this annual report is available on our website in the Investors/Reports section at: www.christiegroup.com/cgroup/en/investors/reports

Financial calendar

Annual General Meeting

Whitefriars House 6 Carmelite Street London EC4Y 0BS	Tuesday 16th June 2015 at 10.30am
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Announcements

Half-year results for 2015	September 2015
Preliminary full-year results for 2015	April 2016

Final dividend 2014

Ex-dividend	3 June 2015
Record date	5 June 2015
Payment date	3 July 2015

Dates are correct at the time of printing, but are subject to change.

Registrars

All administrative enquiries relating to shareholdings and requests to receive corporate documents by e-mail should, in the first instance, be directed to:

Capita Asset Services

The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

0871 664 0300 (calls cost 10 pence per minute plus network extras. Lines are open from 9am to 5:30pm Mon – Fri) from the UK and +44 (0) 20 8639 3399 from overseas.

shareholderenquiries@capita.co.uk

Shareholders who receive duplicate sets of company mailings because they have multiple accounts should write to Capita Asset Services to have their accounts amalgamated.

Voting online and the shareholder portal – www.capitashareportal.com

You will need your investor code, which can be found on your share certificate(s) to register for the shareholder portal.

Once you have registered, you can immediately:

- Cast your proxy vote online.
- Elect to receive shareholder communications electronically.

And, after you have activated your account, you can benefit from a number of other online services:

- View your holding balance and indicative share price and valuation.
- View transactions on your holding and dividend payments you have received.
- Update your address or register a bank mandate instruction to have dividends paid directly to your bank account.
- Access a wide range of shareholder information including downloadable forms.

If you need any help with voting online, please contact the Capita Asset Services Shareholders Helpline, either:

- by phone on 0871 664 0391 from the UK (calls cost 10p per minute plus network extras. Lines are open between 9am and 5:30pm, Monday – Friday) or from overseas on +44 (0) 20 8639 3367; or
- by e-mail at shareportal@capita.co.uk

ShareGift

ShareGift is a charity share donation scheme for shareholders who may wish to dispose of a small number of shares where the market value makes it uneconomic to sell them on a commission basis. The scheme is administered by the Orr Mackintosh Foundation. For further information, please contact the foundation: 020 7930 3737.

www.sharegift.org/donate-shares

Unauthorised brokers ('boiler room' scams)

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turns out to be worthless or high risk shares in US or UK investments. These are commonly known as 'boiler rooms'.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FCA before getting involved. You can check at: www.fca.org.uk/register
- Report the matter to the FCA by calling 0800 111 6768.
- If the calls persist, hang up.

Details of any share dealing facilities that Christie Group endorses will only be included in company mailings.

Identity theft

Tips for protecting your shares in the company:

- Ensure all your certificates are kept in a safe place or hold your shares electronically in CREST via a nominee.
- Keep correspondence from us and Capita in a safe place and destroy any unwanted correspondence by shredding.
- If you change address, inform Capita in writing or update your address online via the shareholder portal. If you receive a letter from Capita regarding a change of address but have not moved, please contact them immediately.
- Consider having your dividend paid directly into your bank. This will reduce the risk of the cheque being intercepted or lost in the post. If you change your bank account, inform Capita of the details of your new account. You can do this by post or online via the shareholder portal.
- If you are buying or selling shares, only deal with brokers registered and authorised to carry out that type of business.
- Be wary of phone calls or e-mails purporting to come from us or Capita asking you to confirm personal details or details of your investment in our shares. Neither we nor Capita will ever ask you to provide information in this way.

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