

Annual Report for 2011



Orchestrating our strategy

About us

Christie Group offers a portfolio of 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.

Our sections

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.

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Where we perform

Offices

39 offices across the UK, Continental Europe, Canada and the Middle East.

Employees

Employing up to 1,200 professional and specialist staff.



Our audiences



Our performers

Professional Business Services



Christie + Co

Christie + Co is the leading specialist firm providing business intelligence in the hospitality, leisure, care and retail sectors.

Market leaders in its sectors, employing the largest teams of sector specialists in the UK providing professional agency and advisory services.

www.christie.com
www.christiecorporate.com



Christie Finance

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.

Delivering and exceeding clients' expectations in terms of the cost of their insurance and the breath of its cover.

www.christieinsurance.com



Pinders

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.

Looking at the detail of businesses to arrive at accurate assessments of their trading potential and value through business analysis and surveying skills.

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

Stock & Inventory Systems & Services



Orridge

Europe's longest established stocktaking business specialising 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 clients.

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



Venners

The leading supplier of stocktaking, inventory, consultancy services and related stock management systems to the hospitality sector.

The largest and longest established stock audit company in the hospitality sector in the UK and growing in mainland Europe.

www.venners.co.uk



Vennersys

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.

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

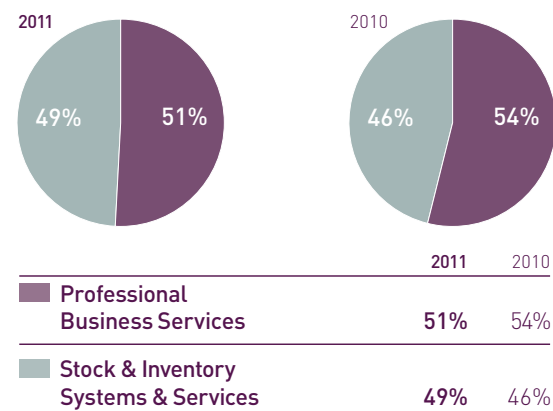
Some of our client audience

American Film Institute	Carlsberg UK	Hilton Hotels & Resorts	Lloyds Banking Group	Punch	The Orders of St John	Wilkinson
Arundel Castle	Co-operative	Hobbycraft	Marston's	Royal Bank of Scotland	Care Trust	Woburn Abbey
Barclays	De Vere	InterContinental Hotels	Merlin Entertainments	Scottish & Newcastle	The Restaurant Group	and Safari Park
Berkeley Homes	Empire Theatres	John Lewis	Methodist Homes	Pub Company	Travelodge	Zara
BHS	Enterprise Inns	Kidzworld	for the Aged	Sodexo Prestige	Virgin	
Blenheim Palace	Euro Garages	Landmark Cinemas	Nuffield Health	Starwood Capital Group	WH Smith	
Boots Opticians	Festival Cinemas	LaSalle Investment	Park Resorts	Swarovski	Whitbread	
Calvin Klein	Fitness4Less	Management	Pets at Home	Tesco Pharmacy	Wickes	

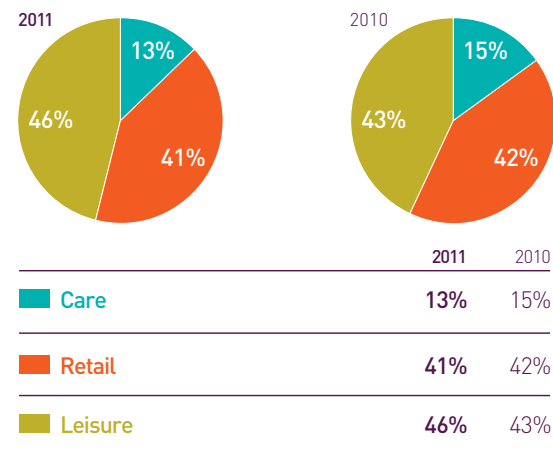
Highlights of the year

- Revenue increased by 9.0% to £53.3m (2010: £48.9m)
- Operating profit before exceptional items of £0.7m (2010: £1.0m)
- Profit before tax before exceptional items of £0.6m (2010: £0.9m)
- Exceptional loss of £0.4m (2010: £nil) incurred in the opening of a new Dubai office
- Tax charge is entirely attributable to a reduction in deferred tax assets with no corporation tax payable in 2012
- Dividend proposed of 0.5p (2010: 1.0p) per share
- The current year has started well
- Strong position in chosen markets delivering a resilient performance
- Our international capability strengthens our reach and ability to complete cross-border mandates for larger clients
- Sustained investment in technology and training
- Christie + Co awarded 'UK's most active agent' in the Leisure and Hotels category by the Estates Gazette for the second year since its inception two years ago

REVENUE BY DIVISION



REVENUE BY SECTOR



Chairman's statement



We believe that our market position is key to maximising the opportunities presented by both the recovering market on one hand and one showing signs of distress on the other.

I am pleased to present these results, which despite difficult markets in 2011, demonstrate progress in your business. My trading update of 5th December 2011 referred to a number of transactions that had been delayed by external factors and the subsequent effect on the results for the year. Despite the timing of these specific deals, the reliability of our operations and the depth of our expertise continue to be attractive to those looking for professional support in difficult times, which puts Christie Group in a strong position in its chosen markets.

Financial turmoil in the Eurozone and political instability in the Middle East ultimately curtailed our profitability in the second half of the year, albeit a healthy increase in top line revenue was achieved across the year.

Revenue for the year was £53.3m (2010: £48.9m) an increase of 9.0%. After exceptional items, operating profits were £0.3m (2010: £1.0m) reflecting the significant investment made in bringing new client contracts on stream and opening the new office in Dubai. Our high tax charge is a non cash item which principally reflects the reduction in the carrying value of our deferred tax asset following the reduction in the UK corporation tax rate.

The cost base rose in 2011 in line with our expectations and our continued commitment to investing in the business. This investment has been rewarded through new client wins and 'approved adviser' panel appointments, ensuring that we remain at the forefront of our industry. Cash flow requirements have followed the increased business generation and therefore show a reduction in cash balances.

Stock & Inventory Systems & Services (SISS)

Tough trading conditions amplify the need for understanding the margins within a client's business and maintaining tight control over stock. This remains a detail-oriented business where the experience of our loyal staff benefits clients through the incisive nature of the reports generated from the stock audits. The integrity of the process and the subsequent profit enhancement are all the more appreciated at a time when profits are hard to come by in the first place.

Revenue was £25.9m (2010: £22.4m) with growth seen across all companies; Orridge, Venners and Vennersys.

SISS is now delivering management information to its clients which directly contributes to their strategic business planning. This degree of granular information and added value is unique and significantly valued by Christie Group's clients. New clients won in 2011 included Zara, Hobbycraft, Butlins, Tesco Pharmacy, BHS, Cairn Hotel Group, Park Resorts, Mecca and Murrayfield Stadium.

Professional Business Services (PBS)

Our PBS division had a creditable 2011 despite what could be considered a 'year of two halves' where, as referred to above, the Eurozone and Middle East problems affected UK market confidence in the second half.

Revenue for the year stood at £27.4m (2010: £26.5m). Quality assets and deals funded by cash were transacted with far greater ease than tired assets or those requiring significant bank support.

New clients won in the period included Southern Cross and von Essen Hotels (in Administration); with notable instructions from existing clients such as Punch

Orchestrating our strategy

Taverns, Enterprise Inns, Admiral Taverns and the Scottish & Newcastle Pub Company.

Christie Insurance benefited from its enlarged office in Ipswich working alongside the London-based team, whilst on an increasing number of occasions, Christie Finance incorporated European Investment Banking support for clients' deals and successfully arranged it in tandem with mainstream lending facilities.

Pinders' market is often driven by selective panel appointments and the company scores well with its national network and high level of professionally qualified staff. The market witnessed some fee erosion during the year but Pinders resisted pressure to reduce fees in pursuit of work. Good progress was made in its Building Services division, particularly project management services.

Outlook

Recommendations from established clients and fellow professionals result from having a business of longstanding pedigree, easily accessible local staff and a comprehensive web presence. These are qualities that are not easy for competitors to emulate.

We are pleased to announce that Christie + Co has been awarded the accolade of 'UK's most active agent' in the Leisure and Hotels category by the Estates Gazette for the second year in a row. This industry recognition is an encouraging confirmation of our strength in the market.

We believe that our market position is key to maximising the opportunities presented by both the recovering market on one hand and one showing signs of distress on the other. Our valuation and agency services are central to both de-gearing and transactional activity.

The pattern of this economic downturn is familiar to us given our experiences of the recession in the early 1990s. However, this downturn has different root causes. From our previous experiences we have a profound understanding of our own business, its base trading levels, the efficiency of our infrastructure and, importantly, the value in ensuring that we are attractive to our extended professional network and 'business ready'. The Group is ready for an upturn in the market and will benefit from the opportunity when markets open more fully.

Christie Group relies on supportive clients and the dedication of its quality personnel. It is thanks to them both that we hold our strong market position. I express my gratitude to our staff on behalf of the Board for their ongoing commitment and professionalism.

The year has started well. A brighter outlook combined with the profitability reported for 2011 enables the Board to recommend a final dividend of 0.5p per share (2011: 1.0p per share). If approved, the dividend will be paid on 2 July 2012 to those shareholders on the register on 1 June 2012.



Philip Gwyn
3 April 2012

Our strategy

Strategic foundations

We follow a clear, consistent route-map.
It is tried and tested through the business cycle.

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 global reach

Our divisions provide portfolios of interconnected services to facilitate our clients' business activities in the UK, Continental Europe and around the world. Our risks and opportunities are increasingly diversified across economies, industry 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 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 "core competencies" to be the ability to flex our resources to meet the varying levels of demand in the marketplace.





Orchestrating our strategy

We expand our skills, broaden our scope and extend our reach by organising the Group around the needs of our clients.

Our performers

We provide over 40 individual services to companies through our two divisions. The Professional Business Services division offers a broad portfolio of transaction-related services. The Stock & Inventory Systems & Services division focuses on improving operational efficiency and limiting risk for its clients.

Our talents

We value and appraise, buy, sell, finance and insure businesses. We have consultancy and project management capabilities. We are stock control and inventory management specialists. And we design and deliver bespoke software and support.

Our audiences

Our in-depth knowledge of specific markets allows us to add exceptional value for our clients. We devise tailored solutions for the retail, care and leisure sectors.



Pinders
Christie Insurance

Christie Finance

Christie + Co

Professional Business Services

Orridge

Venners

Vennersys

Stock & Inventory Systems & Services

Software & Support

Consultancy

Insurance

Agency

Valuation

Appraisal

Funding

Inventory

Stock Audit

Building Services

Health & Safety

A varied skill set that maximises service across the Group



Retail

Newsagents Post Offices Supermarkets
Booksellers Professional Practices
Convenience Stores Forecourt Businesses
Specialist Shops Supply Chain Premises
Warehouses Pharmacies Off-licences

Care

Childcare Centres Animal Businesses
Daycare Centres Residential Care Homes
Secure Units Doctors' Surgeries
Nursing Homes Veterinary Practices
Close Care/Assisted Living Centres Colleges
Hospitals Domiciliary Care
Schools Dental Practices

Leisure

Caravan Parks Railways Fitness Centres
Holiday Parks Cinemas Destination Resorts
Currency Bureaux Hotels Visitor Attractions
Gaming & Betting Businesses Public Houses
Event Caterers Guesthouses Restaurants
Serviced Accommodation Bars Takeaways
Entertainment Venues Sports Centres
Bowling Alleys and Greens Nightclubs

Chief Executive's review



Christie Group's strong revenue growth demonstrates a growing business with a sustained ability to deliver premium levels of client service.

Christie Group's strong revenue growth demonstrates a growing business with a sustained ability to deliver premium levels of client service. Given the prevailing economic climate this was a pleasing result and is testament to the underlying strength of our business model.

The Christie brand stands for in-depth, informed business intelligence. In tough times, proven expertise is in demand, and this plays to our strengths.

A balanced business

We are a balanced, diversified organisation. Our services add value at every stage in the lifecycle of a business, from start-up, through day-to-day operations, all the way to an eventual sale. We focus on three broad sectors – retail, care and leisure – where we have significant, in-depth knowledge.

Christie Group's portfolio of complementary companies matches a range of business requirements. The Group's two divisions each account for approximately half of total revenue. Professional Business Services focuses on assets and transactions. Stock & Inventory Systems & Services is concerned with operational efficiency.

Limiting exposure

We have built a naturally resilient organisation by spreading our exposure. We limit our risk to specific clients and sectors, and through our broad geographic reach.

Leading UK and international businesses are the most significant in value terms. The majority of our clients are small and medium-sized enterprises (SMEs). For transactional business and consultancy work, banks and administrators are increasingly important.

We are careful to avoid over-reliance on any one client. This approach is more than merely theoretical. We turn down unprofitable business and seek to avoid an over-reliance on any single contract or client.

Each of our three main sectors relates to the economic cycle differently. In leisure, the economic climate has a marked impact on performance. There is a link too with the retail sector, but it is less direct. Our third major sector, care, is largely unaffected by what happens in the wider economy.

International operations

Our international network is helping us attract larger clients and win transnational contracts.

We build strong networks by focusing on deepening coverage as well as extending our reach. Christie + Co's new Lyon office is its fourth covering France while the new office in Vienna extends its influence eastwards and also links back to the German network.

Furthermore, the newly-opened Christie + Co office in Dubai will attract new investors and entrepreneurs in a region with a strong heritage in leisure and hospitality.

Orridge now coordinates activities in 18 European countries from its central base in Belgium.

High quality clients

We gained a succession of prestige clients and assignments during the year. High-profile wins included stocktaking contracts for BHS and Zara. Christie + Co handled the politically sensitive sale of Southern Cross freeholds, and several Christie Group companies were involved in the disposal of von Essen Hotels' 26 UK country house hotels for the administrators.



Focused and clear direction

Complementary

Our services mirror the evolving needs of businesses in our sector. We provide professional services to meet many of their commercial requirements – from start-up through to sale.

Connected

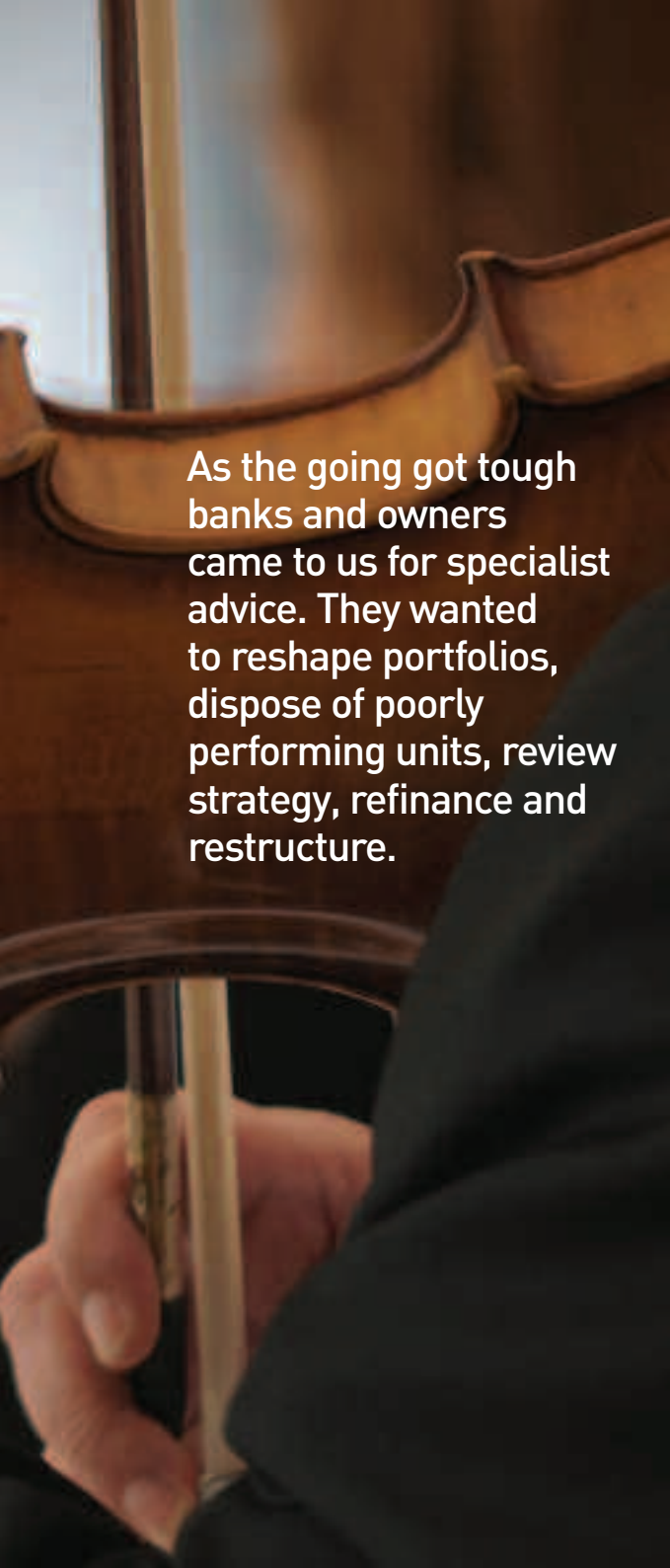
We invest in technology to stay close to customers and in touch with each other – via our international network, online and on the move.

Cross-selling

We benefit from and build on each other's strengths. We present customers with a wide range of services – from right across the Group.

Complementary
capabilities enhance
our trading resilience





As the going got tough banks and owners came to us for specialist advice. They wanted to reshape portfolios, dispose of poorly performing units, review strategy, refinance and restructure.

Chief Executive's review

Continued

Stock & Inventory Systems & Services

When margins are under pressure it focuses managers' minds on costs. They know that rigorous stock control can help streamline supply chains, protect against fraud and squeeze as much value as possible out of every single asset.

Increasingly, retailers are opting for outsourcing as the best way to guarantee quality and objectivity. This is good news for our highly respected stocktaking businesses. The pipeline for our retail business at the end of 2011 had increased significantly compared to December 2010.

Both companies gained important new clients during the year. Our stocktaking businesses tend to have strong client retention rates, but incur high initial costs. There is an acclimatisation period as we harmonise systems and adapt to each customer's processes.

We are investing in systems and training to service this extra demand. Venners, for example, spent £0.2m more than budgeted on training additional stocktakers. We are confident that these costs will be quickly recouped.

Professional Business Services

Transactional activity was inevitably affected by the global economic crisis. The economic uncertainty kept voluntary sellers away while distressed asset sales dominated activity.

A dearth of transactions in the first half of the year was balanced by improved fee income in the second six months. We won accolades from industry peers. The Estates Gazette named Christie + Co as both Property Adviser of The Year – Leisure and the most active agent in the leisure and hotel sector.

At the end of 2010 it had seemed probable that property prices had plateaued. Twelve months on, however, the picture looked very different. In retrospect, the stabilisation in 2010 was a pause for breath on a continued downward trajectory.

But it is important to recognise that, even at today's values, businesses are selling at multiples that were commonplace in the 1990s. These are not unprecedented levels and we are confident we can operate successfully in a low-growth environment.

In this generally subdued marketplace larger groups featured more prominently. Some were forced to scale down their portfolios to meet lenders' lower loan-to-value refinancing requirements. Others wanted to release capital to maintain and upgrade their core facilities.

For cash buyers wishing to build asset portfolios these were excellent conditions. We saw entrepreneurs who had sold their businesses at peak levels return to the market to acquire opportunities at substantial discounts.

The emergence of new sources of finance was a positive development. Many traditional lenders are constrained by their existing loan books. Recent arrivals in the markets have no such limitations. With property prices approaching historically low levels, they have the chance to build up high quality loan books.

Liquidity in the commercial debt markets has remained an issue. However, with initiatives such as the introduction of the Government's loan guarantee scheme announced in the Budget on 21 March 2012, we are hopeful that this may start to ease.

Chief Executive's review

Continued

Our valuation and advisory businesses were in demand. Our specialist-based approach to valuation has been adopted as best practice. Our valuation professionals are Royal Institute of Chartered Surveyors qualified specialists. Early in the year the RICS introduced a licensing system requiring valuation professionals to register their specialist area of expertise. The new system will benefit us and improve standards for customers.

As the going got tough banks and owners came to us for specialist advice. They wanted to reshape portfolios, dispose of poorly performing units, review strategy, refinance and restructure.

Our finance business helped match new lenders with high quality borrowers. Our insurance business maintained its high client retention rate and benefitted from rising premiums.

Connecting with customers - and each other

These days, much of our intellectual property is vested in technology. Our customers expect to find more information online. The ubiquity of smartphones, tablets and 3G connectivity has been another game-changer. We now live in an always-online culture. Real-time information is available everywhere, at the touch of a button.

With many of our staff spending a lot of their time in the field, we saw the value of mobile communications early on. Our retail stocktakers use tablet technology to record, report and analyse stock levels while Christie + Co launched a mobile-friendly version of its website. We are also developing technologies to make our people more productive on the move and strengthen customer relationships. For example,

we increasingly use more targeted marketing to produce better results and social media to supplement traditional communication channels.

Relocation

I am pleased to advise that the Group's pension funds have acquired a dedicated new head office for our occupation in the City of London. We look forward to improved efficiency through combining our two separate existing London offices in this permanent home.

Looking ahead

I said last year that the economy faced setbacks on the road to recovery. These have come sooner rather than later and, so far at least, have been more significant than one might have hoped. But, having been spared any pre-Christmas adverse weather, activity levels in the early part of 2012 are improved compared with those in 2011.

Whatever the prospects for the economy, Christie Group is in a strong position. We have a manageable cost base and are investing in both systems and people to meet additional demand. We have a strong track record, a proven business model and a lengthening list of prestige clients. We are never complacent, but we do share confidence in the future.



David Rugg
3 April 2012

Christie Group is in a strong position. We have a manageable cost base and are investing in both systems and people to meet additional demand.



Connected with clients
wherever they are,
whenever they need us

von Essen Hotels

Christie + Co, Christie Finance, Christie Insurance, Pinders and Venners were all involved in the hotel sector's most high profile disposal of 2011 – von Essen Hotels.

The company went into administration in April 2011. Christie + Co was instructed by the administrators to dispose of 26 UK country house hotels plus a Napoleonic island fort off the Welsh coast and a French chateau hotel. Market conditions and investor appetite determined that the portfolio would be sold off in parts rather than as a whole.

Being a widely recognised brand in the country house hotel market, the von Essen Hotels portfolio offered a variety of excellent investment opportunities. It generated huge interest and demonstrated both the desire of investors for quality assets and the fact that values were holding up in difficult market conditions.

To help facilitate the sale process, the administrators instructed Pinders to undertake building surveys across the whole portfolio, including several properties that were either Grade I or Grade II Listed or of special historical interest.

Pinders also coordinated mechanical and electrical surveys on all 26 hotels, and all the reports were delivered within very tight timescales. In addition, valuation and business appraisal services were provided in relation to two of the hotels.



The Elms

Cross-selling to broaden our client relationships



Seaham Hall

The administrators called in Venners to compile full inventory listings of the hotels' chattel assets – fixtures and fittings – a huge task considering the complicated nature of the hotels involved.

Also, when each hotel was sold, Venners provided inventories of the liquor, food, supplies and consumables at the point of exchange. Encouragingly, up to 85% of the work undertaken by Venners has been retained as the new business owners chose to continue using the company's services.

Christie Insurance gave advice on protection and business insurance, which provided the company with leads for the future.

Following considerable interest, by the end of 2011, Christie + Co had sold the majority of the hotels and some new country house hotel operators had emerged. Most of the deals were completed for cash with the possibility of raising debt later but Christie Finance arranged funding on those hotels where debt financing was required to facilitate a purchase.



Thornbury Castle



Cliveden

One purchaser was an experienced and reputable hotel operator but his current bank wasn't prepared to expose itself any further in the hotel sector. In this case, Christie Finance arranged funding through the new lender, Shawbrook Bank. Another buyer had previously sold her hotel to von Essen Hotels and had become its General Manager. Christie Finance arranged finance that enabled her to buy the hotel back from the administrators.

Christie + Co's success in selling the hotels was largely based on its excellent relationships and contacts within the investor community. Bath Priory Group acquired four of the hotels, Eden Hotels Collection added two to its growing portfolio, while Longleat Enterprises bought two of the hotels near its estate. Also, Patron Capital Partners, in a joint venture with Halcyon Hotels and Resorts, acquired seven of the former von Essen Hotels assets.

The von Essen Hotels disposal was the most high profile Christie Group has dealt with in the hotel sector in recent years. It was a measure of the scope and complexity of the work the Group is called upon to undertake. It also confirmed its reputation and position as a leading adviser and specialist service provider in the corporate hotel market.

The result of five Christie Group companies working together was an added value service which benefited both the administrators and the purchasers.

Left and above: A selection of some of the prestigious von Essen Hotels properties included in the portfolio sale.

Callow Hall Hotel

This former von Essen Hotels property provides an excellent example of the value added by Christie Group companies' complementary services.

- **Christie + Co**
handled the sale
- **Venners**
provided stock control and inventory services
- **Christie Finance**
arranged the senior debt
- **Christie Insurance**
gave advice on protection and business insurance.

No other group in our specialist sectors can offer such a comprehensive range of complementary services to business operators.



Getting your ducks in a row

Orridge's in-store delivery checks to Pets at Home provide an independent view of delivery accuracy through bespoke management reporting. This gives the client quick, accurate and consistent data across every store, and helps get the right product in the right place at the right time.

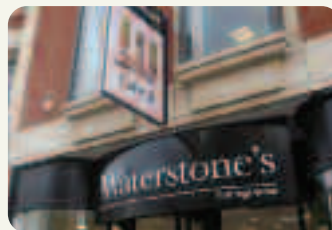
Previous in-house delivery checks were very time-consuming and reassigning staff from other duties proved both costly and disruptive. Investing in an independent counting programme has helped Pets at Home be more efficient in a difficult economic environment.



Making every word count

There are around 300 Waterstones bookshops in the UK, Ireland, Amsterdam and Brussels, with larger stores stocking up to 80,000 different titles.

Waterstones found that it wasn't effective to use in-house staff to count large volumes of stock in a concentrated timeframe, and that it was both quicker and more efficient to outsource the work to experienced stocktakers with the necessary expertise. Orridge provides a reliable, responsive and accurate stocktaking service at a time when it is especially important for financial reporting and measuring shrinkage in the retail sector.



Divisional review

Stock & Inventory Systems & Services



“As a UK market leader in the sector with strong international coverage, we offer a high quality, cost-effective service.”

Paul Harding

Managing Director, Orridge
and a Christie Group Director

ORRIDGE

Orridge was founded over 160 years ago to provide independent stocktaking services to pharmacies and dispensaries. A century later it expanded into hardware, confectionery and groceries. Today, it is a leading UK retail stocktaking company aiming to become a market leader across Europe too.

Our clients are feeling the full force of Europe's slowdown. With raw material costs rising and spending still slow on the high street, retailers' margins are being squeezed.

In such circumstances it becomes even more important to keep a tight rein on stock. Accurate stock control can protect margins by optimising supply chain management, improving inventories and combating fraud.

Many retailers are choosing to outsource stocktaking as part of a strategy which enables them to utilise their workforce more efficiently and their time more effectively, while reducing costs on training and equipment and improving stock count accuracy.

As a UK market leader in the sector with strong international coverage, we offer a high quality, cost-effective service. From our Continental office in Belgium we serve 18 countries across Europe in five languages, and promote our services through multilingual communications online.

Orridge performed strongly in 2011, with revenue up by 15.2%. We saw once again that demand for our services often intensifies in tough trading conditions. We conducted an average of 135 stocktakes every working day, and counted a total of 138 million items of clothing, 115 million books and 450 million health and beauty items.

We also gained 28 new clients, including BHS, Hobbycraft, AllSaints, Zara and Swarovski.

In a largely commoditised price environment we know that it is critical to stay competitive on price. We employ

technological solutions to drive down unit costs and improve our service. We were cloud-computing pioneers, adopting RAS-based communications early on to connect our employees in the field.

More recently, our new, more focused e-marketing product has delivered excellent results. Online analytics now help us measure campaign success and website activity more accurately, thereby enabling our sales team to take a more sophisticated approach to targeting clients and following up leads.

Key clients can use our website portal to review their data in real time, and we are adding value with analytical tools. For example, one of our major customers can analyse stock history by region, store, line of business or product item. Key indicators such as loss, wastage, and accuracy are displayed graphically. The application is now being trialled elsewhere.

We work closely with other companies within the Group whenever possible. We collaborated with Christie + Co on 29 business valuations in 2011, and we introduced Venners to Compass Group. Orridge conducts stocktakes at Compass's retail outlets while Venners audits licensed trade outlets at Twickenham and its other event venues.

We experienced heightened competitive pressures during the year. We responded by reducing costs, improving our service, broadening our product range and consolidating our position in Europe.

We retain our large client base through hard work, professionalism and competitive pricing. Our profit is comparatively small in the first year of trading with a new client – but by the second year we gain a higher margin from proving that the service we provide is unbeatable.

Our new business pipeline at the end of the year was three times higher than in 2010 and we expect to make further progress in 2012.

'Cooling rip-off' exposed

A client experienced a downturn in his food operation's gross profits. Venners staff tried reconciling the main food products against till sales but with no success. So, a more basic strategy was employed – observation, which produced a quick result.

Each week, the chef ordered a joint of meat, cooked it and left it in a pan of water outside the back door – to 'cool off'. His wife would then drive up and take the meat to 'cool off' some more.



Event profit control – make mine a pint!

The caterers at a football stadium were enjoying success off the field with the amount of beer sold on match days. The sales were well over budget but massive losses were stacking up.

The operators called in Venners to get to the bottom of the problem. It transpired that oversized plastic cups were being used. This, combined with the free-flow draught beer, meant that casual staff were simply giving customers 15% more than they had paid for. Over 15,000 pints a day; that was a huge give-away.





Divisional review

Stock & Inventory Systems & Services



“Turnover was up by 12.8% and both profits and return on capital employed increased.”

Trevor Heyburn
Managing Director, Venners

VENNERS

Venners is the UK's largest and longest established stock audit company specialising in the hospitality sector. We provide nationwide coverage, and are developing a growing presence in Continental Europe.

2011 was a busy year and the business performed solidly. Turnover was up by 12.8% and both profits and return on capital employed increased. All of our divisions made progress. We visited 12% more premises, planned over 25,000 man-day assignments, counted 2.5m individual product lines and controlled stock with a total value of over £110m.

In 2011, a new landmark was passed. For the first time in its 116-year history the revenue that Venners controlled from food stocktaking exceeded the turnover from liquor, justifying our investment in new food reporting systems.

Stock audit remains our core activity, accounting for 90% of revenue. We don't sub-contract, but use our own highly experienced fully contracted staff. Most have been doing the job for at least a decade so they have unrivalled trade experience.

Every one of our expiring contracts in 2011 was successfully renewed. New additions to our client list included Cairn Hotel Group, Park Resorts, Mecca and Murrayfield Stadium. A key client, Marston's signed a new long-term contract appointing us to manage stock audits for all its service platforms.

In recent years we have launched a range of complementary services. Services such as compliance audits, inventory checks, health and safety, food safety, fire safety and event profit and control have been carefully chosen to extend and enhance our stock audit service.

Establishing specialist sales teams has meant that we are becoming more adept at selling these services.

We offer attractive discounts when clients buy more than one service. Once one of our stocktakers is already on site, an additional specialist service incurs a low additional cost. As customers buy more varied services we have the added benefit of forging closer links with our clients.

The ability to offer a range of services is also giving us more reasons to meet more people. It is improving the effectiveness of our marketing spend.

We encountered strong demand in 2011. We responded by recruiting and training extra auditors, all of whom have to pass our BII-accredited training programme. This led to higher than anticipated training expenditure which affected our profitability, but we regard this as a prudent investment in new business relationships.

Venners has frequently been a technological trailblazer. We were the second company in the country to acquire a mainframe computer and had an OCR scanner as early as 1971. Our stocktakers got their own laptops in the mid 1980s. With our Next Generation IT investment we will be setting the pace again. Our clients will have access to real-time audited information with built-in interactive reporting.

Collaboration with other Christie Group companies was as strong as ever during 2011. We worked with Christie Insurance on client development and, with Orridge, provided stocktaking services to Compass Group.

Venners and Christie + Co worked together providing services to the same customers on various occasions throughout the year. The von Essen Hotels disposal was the most prominent example.

We enter 2012 with a strong sales pipeline, a clear strategy and confidence in our ability to develop and grow the business in the years to come.

Divisional review

Stock & Inventory Systems & Services



“We entered 2012 with strong sales pipelines in both Canada and the UK and healthy growth in online ticketing revenue.”

Alan Magrowski
General Manager, Vennersys Corp

VENNERSYS

Vennersys supplies visitor attractions and entertainment venues with specialist trading systems, online ticketing and e-commerce services. Our support services generate stable, repeat revenue from our substantial user base.

Vennersys has been supplying purpose-built EPoS, ticketing and admissions systems for over 20 years. We are a market leader for visitor attractions in the UK. In Canada, we lead the market for cinema management systems including film hire, concession sales and ticketing. Many of our clients are household names; they include cinemas, theme parks, museums, historic estates, zoos and botanical gardens.

VENPoS, our proprietary software solution, is an integrated suite of applications, purpose-built for leisure and visitor attractions. Our clients can manage all their trading activities – including admissions, merchandise, food and beverage sales – on a single platform.

The company performed well in 2011. Revenue was 46.4% higher than in 2010. We improved product quality and saw promising growth in our online ticketing product, with its fee per booking revenue model.

Our e-commerce solution VENPoS Online continued to exceed expectations, managing more than £3.3m worth of transactions during the year. We recognise a clear market opportunity here. Visitors have an increasing appetite to buy tickets for attractions online, yet just 18% of UK venues currently offer this capability. In 2012, we plan to market VENPoS Online as a standalone product.

New client signings during 2011 included Arundel Castle, the ancestral home of the Duke of Norfolk; CurveMotion, a roller skating-themed centre in Bury St Edmunds; and Kidzworld in St Austell.

Various existing customers expanded their VENPoS systems. We have been developing software integration tools for Merlin Entertainments. Aspro Group rolled out VENPoS to all its remaining UK venues while Knowsley Safari Park added new functionality to its core system.

Our project development team continued to innovate, focusing on enhancing VENPoS CRM. On average, secondary spend accounts for around 50% of revenue at visitor attractions. Our improved CRM module helps clients analyse visitor numbers and secondary spending patterns, and tailor marketing campaigns accordingly.

As part of this initiative we joined forces with Peach Digital to develop and launch VENPoS Campaign. This new software module manages targeted e-mail and SMS campaigns. It tracks effectiveness by monitoring customer response rates against promotion codes.

In Canada, we implemented Vista for various Empire cinemas, and continued to implement ticketing systems for Landmark Theatres. This key relationship goes from strength to strength – the client reported that better system integration had radically improved management information flows. It intends to install Vista at a further nine sites in 2012.

The Vista solution is not just applicable to large cinema circuits. We embarked on a major sales campaign during the year to attract smaller independent cinemas. This has already borne fruit. The first implementations took place in the last quarter of 2011 and we anticipate more throughout 2012.

We entered 2012 with strong sales pipelines in both Canada and the UK and healthy growth in online ticketing revenue. We anticipate a strong performance during the year taking us into 2013 with healthy maintenance and online revenue streams.



VENPoS on a roll at CurveMotion

CurveMotion is an exciting new indoor interactive venue in Bury St Edmunds incorporating the only purpose-built roller skating rink in Suffolk, the largest soft play frame in East Anglia and a high quality restaurant. The aim was to implement a single, easy-to-use system capable of managing CurveMotion's business operations including EPoS, CRM and particularly online bookings. As the venue caters for all age ranges, it was also essential to include a security feature to ensure children were linked with their accompanying adult. Vennersys took the time to fully understand CurveMotion's exact needs and carried out custom development before delivering a security system based on barcoded wristbands.



Arundel Castle

Arundel Castle is one of the most beautiful castles in the country, welcoming over 150,000 visitors each year. The aim was to implement a leading-edge retail and admissions solution providing a total view of both the visitor base and trading performance. VENPoS offered the flexibility, functionality and value for money that was needed: facilities for rapid admissions and 'fast tracking' customers purchasing tickets online; easy-to-use/touchscreen EPoS terminals; integrated card payment processing; online sales 24/7; CRM for managing memberships plus better reporting and management information.



Southern Cross

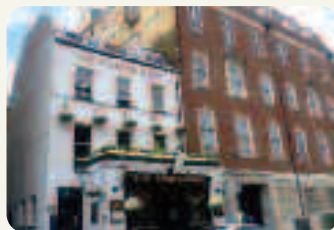
Following the collapse of Southern Cross, Christie + Co was asked to advise on the reassignment of over 60 leasehold agreements the care provider had with its landlords. The agreements were transferred to alternative operators. Christie + Co was also appointed to sell the five freehold going concern homes owned by Southern Cross, together with its domiciliary care business. The care homes were situated in Shropshire, the North of England and Scotland. Purchasers were found for all six opportunities and they were sold within a two-month timeframe.



Royal Bank of Scotland's 'Galaxy' estate

The acquisition of the Royal Bank of Scotland's 'Galaxy' estate for a reported £412 million by Heineken UK's Scottish & Newcastle Pub Company was the pub sector's major deal of 2011, and the biggest deal for many years.

Christie + Co provided valuation and advisory services to RBS throughout the process, which saw Heineken acquire a major estate and secure the futures of the existing tenants of the 918 pubs involved.



Divisional review

Professional Business Services



“The quality of our service results in clients engaging us for complex, high-profile assignments, where informed advice is required quickly.”

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



Simon Hughes
Managing Director, Christie + Co UK

CHRISTIE + CO

Christie + Co is Europe's largest specialist business broker. We provide expert advice and valuations in the leisure, care and retail sectors. In the UK, we have a nationwide operation with fourteen regional offices, and are a growing force in Europe.

The Eurozone crisis and uncertain economic conditions coloured the trading environment throughout 2011.

Our transactional business began slowly, but picked up momentum as the year progressed. There were fewer transactions across the year, with distress driving many sales. Our Bank Support and Business Recovery team worked closely with banks to either dispose of distressed businesses or return them to economic health.

Specialist expertise is now seen as a priority in our marketplace. In tough trading conditions administrators, banks and other vendors recognise the value of experience and in-depth sector knowledge. We continue to invest in expertise. We recruit and develop skilled specialists in our chosen sectors, and support them with technological resources.

The quality of our service results in clients engaging us for complex, high-profile assignments, where informed advice is required quickly. We are consulting on more valuations and advisory projects than ever before and attracting an increasing number of high quality, high value instructions.

In the healthcare sector, the disposal by Southern Cross of its care home assets touched a raw political nerve. We were asked to advise on reassigning over 60 of the leases it held with landlords. We then managed the sale of the remaining freehold properties.

The administrators for von Essen Hotels instructed us to dispose of its 26 UK hotels, along with a Napoleonic fort off the Welsh coast and a French château. This assignment was one of many where we worked closely with other Christie Group companies.

Major pub chains Punch Taverns, Enterprise Inns and Admiral Taverns engaged us to rationalise their portfolios, and we managed the disposal of over 200 pubs for the administrators of Retail & Licensed Properties (R&L).

For the Royal Bank of Scotland we provided valuation and advisory services for the year's largest deal in the pub sector, the £412m acquisition of its Galaxy estate by the Heineken subsidiary, Scottish & Newcastle Pub Company.

Excellence in our specialist sectors was recognised with two accolades from our peers. The Estates Gazette named Christie + Co as both the Property Adviser of The Year – Leisure and the most active agent in the leisure and hotel sector.

We are growing internationally with four offices in France, three in Germany and one each in Spain, Finland, Austria and the United Arab Emirates. Our most recent office in Dubai extends our reach across the Middle East and North Africa.

In Europe, our expertise and international capabilities in the hotel sector are attracting increasing interest. We traded profitably in Europe in 2011 and are recruiting in both Vienna and Lyon to manage growing demand.

We continue to trial the new technology platform, Click to Purchase. It facilitates sales by allowing customers to exchange quickly online and improves the transparency and flexibility of our services.

We are also enhancing mobile connectivity. Our new, mobile-friendly website supports customers on the move. Our investment in search engine optimisation has significantly improved the rankings for our www.christie.com website, which is a key tool in driving new business.

As the market continues to adjust, we anticipate more opportunities in 2012. Our international profile, strong reputation and proven track record will stand us in good stead.

Esplanade Hotel

Even though the purchasers had experience owning and managing both hotels and care homes, they had difficulties with their existing bank so they called on Christie Finance to help secure funding to buy the Esplanade Hotel in Clacton-on-Sea.

Christie Finance was successful and the family bought the hotel under JMG Hotels Ltd commenting that Christie Finance offered "valuable expertise in a difficult market." The hotel was sold through Christie + Co and valued by Pinders.



Brook Hotels

Brook Hotels is a privately-owned group, which now has a selection of 21 historic hotels in key towns and cities throughout the UK.

Christie Insurance arranged the general insurance for the group, enabling the client to make a significant saving. The hotel group later sold some of its hotels and Christie Insurance insured the new owner at very short notice. Christie Insurance also looks after Brook Hotels' group health insurance and death in service on an annual basis.



Divisional review

Professional Business Services



“Customers are prepared to pay for our sector expertise and in-depth knowledge of funding sources and strategies.”

David Grant
Head of Business Mortgages,
Christie Finance



“At over 90%, our client retention rate ranks amongst the highest in the industry.”

Walter Murray
Managing Director, Christie Finance

CHRISTIE FINANCE

Christie Finance is an independent business mortgage broker. For more than 30 years we have helped entrepreneurs acquire, expand or refinance their businesses. We specialise in the leisure, care and retail sectors and offer a nationwide service across the UK.

During 2011, we focused on improving our service to clients. This included recruiting expert mortgage brokers to improve the quality of our advice and continuing to integrate technology into our operations. For example, we are using the Christie Finance and Christie + Co websites, together with our IBIS CRM system, to get earlier sight of Christie + Co instructions and support our clients more effectively.

The refinancing of Buckreddan Care Centre with Clydesdale Bank shows how Christie Group teams work together to unlock funding. Having successfully operated the business since 1986, the owners had a solid growth strategy. Their existing bank relationship had broken down and Christie + Co introduced them to Christie Finance to consider possible funding options. We worked with the Christie + Co valuation and agency teams in Glasgow to build a compelling lending case based on the clients' sector experience and the quality of service, to effect a successful outcome with Clydesdale Bank.

Our role is becoming more complex as de-leveraging makes debt finance harder to arrange, with banks typically lending on loan to value ratios of 65% or less. Whilst lenders demand ever more robust lending propositions of us, many are simultaneously reducing the commission paid in return.

Fortunately, Christie Finance is not wholly reliant on banks for revenue. Our premium service justifies charging clients a fee and our clients are prepared to pay for market-leading sector knowledge and expertise to secure intelligent financial solutions.

With the wholesale money market effectively closed, we are developing innovative funding strategies and sources. For instance, we have secured funding across our specialist sectors with European Investment Bank and Enterprise Finance Guarantee support.

Whilst some lenders have retracted, new funding sources are emerging. Metro Bank launched last year and Shawbrook Bank opened in October. Virgin Money has acquired Northern Rock and the Co-operative bank is bidding for Lloyds TSB branches. All these new lenders have the opportunity to build up high quality loan books at attractive rates.

Looking ahead, we are comfortable with our market position and, in fact, may gain market share as lenders restrict their broker panels. By keeping costs low we will continue to trade profitably. A decisive improvement in profitability, however, will only come about when transaction volumes recover.

CHRISTIE INSURANCE

Christie Insurance is an independent insurance intermediary. We negotiate competitively priced, carefully targeted cover for our clients, and work closely with both Christie + Co and Christie Finance. We have a detailed, in-depth understanding of the hospitality, leisure, care, education and retail markets.

We deliver a personalised service to our clients, take time to understand their objectives and recommend the right combination of policies and cost. It is a distinctive stance in a market increasingly dominated by call centres and self-interested models.

Our clients appreciate our independence and expertise. The overwhelming majority prefer to hedge risk through an intermediary who understands their business priorities. At over 90%, our client retention rate ranks amongst the highest in the industry.

The majority of our new business comes from referrals from Christie + Co and Christie Finance. When establishing a business, entrepreneurs can use the combination of services offered by our companies as a one-stop shop – to find a business, finance it, arrange insurance and manage its stock.

The global economic crisis limited the amount of transaction-related business during 2011. We focused on forging smoother links with our sister companies and improving the conversion rate of new business referrals.

After an extended period of higher than average claims, insurers will have to gradually rebuild their balance sheets. An across-the-board rise in insurance premiums hurt hard-pressed businesses.

We were able to source competitive premiums in niche areas, but there were fewer opportunities for substantial discounts. This was sometimes challenging for our renewals business, although we did manage to retain the vast majority of our clients.

Our IT platform is a key source of competitive advantage. Our bespoke CRM system is interconnected with the Christie + Co system, giving greater deal visibility. We maintain complete records for all our clients who renew, thereby enhancing our ability to quote and re-broke business.

During 2011, we strengthened our sales force and extended our network with an office in Ipswich, which is already trading successfully. We have worked hard to contain expenditure and achieved significant reductions against budgeted levels.

Looking ahead, we will continue to fine-tune our service, retain our personalised approach and build even closer links with the rest of Christie Group.

Divisional review

Professional Business Services



“Clients and competitors alike are quick to acknowledge the quality of our products and services.”

Justin Cain
Managing Director, Pinders

PINDERS

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

The lack of transactions during 2011 inevitably affected our ability to conduct business appraisals. Our Healthcare & Education and Leisure & Hospitality divisions were relatively flat, in large part due to the adverse wider economic conditions. However, our Retail & Catering division made good progress.

On a positive note, we continued to experience a flight to quality. Formal appraisals are now regularly demanded in financing negotiations and lenders are turning to companies they know and trust. Both factors have boosted the proportion of transactions leading to referrals.

Despite overcapacity in our market continuing to place downward pressure on fees, it was encouraging to note that our average reporting fees rose slightly in 2011.

Banks continue to be an important source of business and they prefer to engage valuers with national networks in order to ensure consistency in reporting standards across the country. We extended our national coverage by recruiting valuation professionals in the South West, North East and East Anglia.

Our appointment to the HSBC panel was extended for a further 12 months and our Barclays panel appointment for a further two years. We also built strong links with new lenders; we were appointed to Metro Bank's panel and were one of only two firms specialising in business appraisal on the panel of Shawbrook Bank. In addition, we undertook numerous reviews for the debt recovery teams at Lloyds and Santander.

Broker referrals remain a very important source of business. Although Christie Finance provided us with the same level of referrals in 2011, other brokers were noticeably less visible. This appears to reflect a reduction in their business rather than any particular change in attitudes.

Whilst our consultancy work was affected by the low level of transactions, we recorded some big wins, including several planning consultancy commissions from care group Quercus, which led to project management assignments.

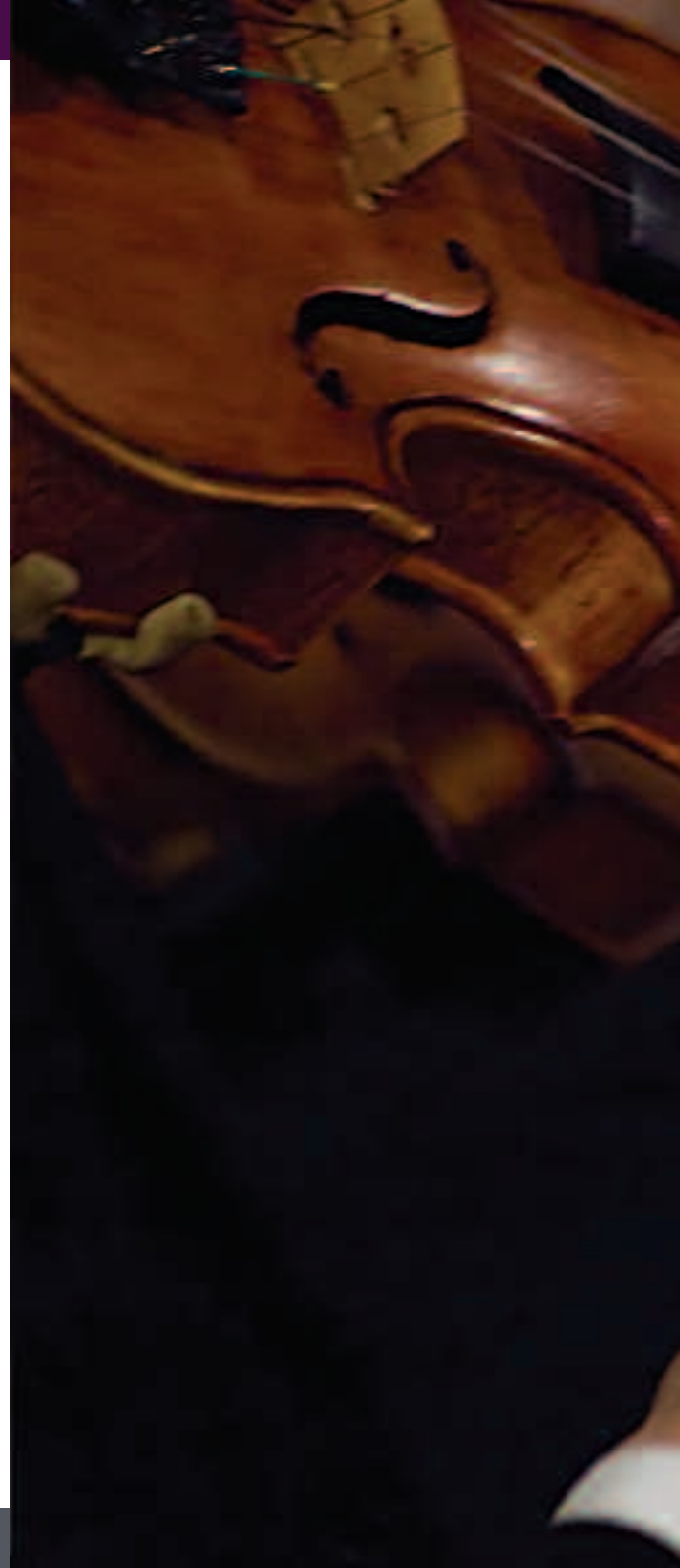
We hosted the 2011 Healthcare Design Awards at Lord's Cricket Ground. The awards are a calendar highlight for many and the event was well attended by over 500 sector professionals and strongly supported by industry sponsors.

Pinders professionals are frequently asked to act as expert witnesses in property-related disputes and we enjoy a number of national retailers and healthcare groups as clients.

We conducted several building surveys following Christie + Co referrals, most notably the substantial portfolio of 26 von Essen Hotels assets.

Clients and competitors alike are quick to acknowledge the quality of our products and services. However, with market volumes at low levels, some competitors are reducing fees to unsustainable levels in pursuit of market share. This is a dangerous practice and one in which we will not engage. There is no shortcut to the preparation of an accurate and informative business valuation.

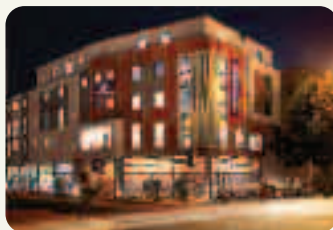
In the short term, we are focusing on further efficiencies whilst retaining our excellent reputation for quality service. Longer term, the outlook is for gradually increasing turnover leading to higher profitability.



New Premier Inn hotel, Camberley

HSBC appointed Pinders to project monitor a mixed-use development comprising ground floor retail units and a 95-bedroom hotel above. The site posed some problems and temporary buildings had to be built within the retail space for most of the duration of the project.

Pinders worked with both the developer's team and the bank's solicitors to ensure that the contract procurement, statutory approvals, costs and overall programme were acceptable before the funding was released. Once completed, Premier Inns leased the upper floors.



Stockton Pre-school

Stockton Pre-school in Warwickshire asked Pinders to project manage the redesign of its old, and rather tired garden to become a revitalised play/sensory area for the children. Part of the brief was for it to be a safe and stimulating environment and low on maintenance.

Pinders produced several drawings and 3D images of the proposed project, which proved useful in illustrating the plans, addressing issues and getting local residents on board. The design and build took just under six weeks to complete.



Financial review



We remain well-placed to drive improved profitability from future growth.

Strong growth, increased expenditure

We achieved a significant increase in revenue in 2011 as total income increased from £48.9m in 2010 to £53.3m in 2011. This 9.0% increase was driven primarily by a 15.7% increase in revenue from our Stock & Inventory Systems & Services division (SISS), assisted by a 3.3% growth in income from our Professional Business Services division (PBS).

Revenue growth within SISS was profitable growth which was achieved despite significant investment in systems and training. The £3.5m year-on-year increase in revenue from £22.4m in 2010 to £25.9m in 2011 generated an increase in operating profit of £0.3m despite this investment expenditure.

Revenue growth in PBS was more modest in a challenging climate. Revenue increased by 3.3% to £27.4m (2010: £26.5m) but to achieve this and maintain our strong position in the market it was necessary to reintroduce some operating cost to the business which resulted in a decrease in profitability for the division when compared to the previous year. This increase in operating costs included a significant one-off reintroduction of employee costs with the aim of ensuring we are able to achieve profitable growth as the market recovers.

In addition to the increased expenditure on our existing business within PBS, we invested £0.4m in the start-up of our new Dubai operation. The operating loss attributable to the opening of Dubai is reported as an exceptional item within the Consolidated Statement of Comprehensive Income, and highlights a £0.7m operating profit (2010: £1.0m) achieved from those operations which had comprised the previous year's performance.

Cash investment in working capital

Finance costs of £0.1m (2010: £0.1m) reflect the manageable cost of financing our working capital requirements.

Trade and other receivables had increased to £11.2m (2010: £9.4m) with the year on year increase of £1.8m attributable in part to the increased rate of VAT but primarily due to the revenue growth referred to previously. This increase in our working capital funding requirement at the year-end is demonstrated by an increased level of borrowing and a decrease in our cash balance.

Within the Consolidated Statement of Comprehensive Income we have, for the first time this year, reported as

a separate item the effect on operating profit of the provision for the impairment of trade receivables. In previous years these amounts have been included within 'Other operating expenses'. As a result of successfully collecting many of those items which had been considered a credit risk at 31 December 2011 and had been impaired accordingly, we are able to report a credit to the income statement of £92,000 (2010: £566,000).

The Board views credit risk extremely seriously and where objective evidence exists which might reasonably be considered to indicate that a receivable may not be realised in full, a provision for impairment may be recognised. The evidence that the Board considers relevant in making such assessments includes the non-payment by customers within a period significantly greater than their contractual payment terms, the financial distress of customers and unresolved disputes relating to amounts owed by customers. Notwithstanding this approach, all of our businesses adopt a robust stance to debt collection where they believe they are owed money for services provided and their success in pursuing such amounts is demonstrated by the credits to the income statement reported in 2011 and 2010.

Full details of the provision for impairment of trade receivables are set out in note 21 of the accounts.

Taxation

The tax charge for the year of £0.4m (2010: £0.5m credit) was markedly higher than the profit before tax of £0.2m might have been expected to result in. This was due primarily to a £0.2m deferred tax charge arising from the re-measurement of our opening deferred tax asset and a further £0.2m charge arising from the effects of disallowable expenditure. It is significant to note that there are no cash payments in relation to corporation tax expected in 2012 as we continue to utilise tax losses to offset any taxable profits arising.

Key performance indicators

In accordance with the enhanced Directors' 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 growing our businesses and is best measured by revenue growth

KPIs			
	Group	Professional Business Services	Stock & Inventory Systems & Services
Revenue growth			
2011 on 2010	9.0%	3.3%	15.7%
2010 on 2009	3.9%	13.9%	(5.9%)
2009 on 2008	(25.8%)	(37.0%)	(10.2%)
Productivity – staff costs (before exceptionals) per £1,000 of revenue			
2011	704	644	701
2010	695	615	712
2009	768	759	693
Operating profit/(loss) before exceptional items as % of revenue			
2011	1.4%	(0.2%)	2.5%
2010	2.1%	5.7%	1.3%
2008	(7.8%)	(16.8%)	2.0%
All figures apply to continuing operations only			

- 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 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 any charge for impairment) as a percentage of revenue

An excellent year for our Stock & Inventory Systems & Services division is demonstrated by a 2.5% operating profit margin (2010: 1.3%) and an improved productivity level with staff costs per £1,000 of revenue reduced to £701 (2010: £712). Combined with a 15.7% increase in revenue the result is a 117% increase in operating profit to £0.6m (2010: £0.3m).

Within our Professional Business Services division, a marginal operating loss before exceptional items of 0.2% of revenue was achieved in a difficult climate with productivity which, while lower than 2010, remained significantly improved on 2009.

Our results for 2011 demonstrate the resilience and complementary nature of our businesses and our ability to deliver a profitable performance as a Group in challenging times. We remain well-placed to drive improved profitability from future growth.



Dan Prickett
Chief Financial Officer

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 Joint 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 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 and in the Middle East.



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 Joint 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, and 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 ACA

Registered office

65 Carter Lane
London EC4V 5HF

Registered number

1471939

Nominated adviser and broker

Charles Stanley Securities

Principal solicitors

Royds
SNR Denton

Auditors

Nexia Smith & Williamson Audit

Public relations

Winningtons

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2011.

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 and the Review of Operations. In addition the Group's main Key Performance Indicators are explained in the Financial Review on page 28 and the risks and uncertainties in the Corporate Governance report on page 34.

Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 39. The Directors recommend the payment of a final dividend of 0.5p (2010: 1.0p) per share which together with the interim dividend of nil (2010: nil) per share, makes a total of 0.5p (2010: 1.0p) per share totalling £124,000 (2010: £247,000) for the year. The profit for the year before tax and before other comprehensive income was £237,000 (2010: £939,000) and the loss attributable to equity holders of the Company for the financial year, after taxation and including other comprehensive income, was £206,000 (2010: £1,429,000 profit).

Directors

The Directors of the Company in office at the date of this report, together with their biographical details, are shown on page 30. All these Directors served throughout the year except Paul Harding, who was appointed to the Board on 1 July 2011. Dan Prickett, Paul Harding and Pommy Sarwal retire in accordance with the Company's Articles of Association. Dan Prickett, Paul Harding 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.

Donations

The Group contributed £9,000 (2010: £5,000) to charities during the year. It made no political contributions. The Group also operates a Give As You Earn (GAYE) scheme for employees.

Policy on payments to suppliers

It is a policy of the Group in respect of all its suppliers, where reasonably practicable, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by the terms of payment. The Group's average trade payable days during the year was 42 (2010: 55).

Acquisition of own shares

During the year the Company funded the purchase of 150,000 (2010: 49,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £82,000 (2010: £28,000), to enable it to meet awards under its SAYE and other share schemes. During the year the Company also sold 250,000 (2010: nil) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £120,000 (2010: £nil). The total holding of the Employee Share Ownership Trust as at 31 December 2011 was 483,000 shares (2010: 582,000 shares), which represents 1.91% (2010: 2.31%) of the current issued share capital.

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 39 to 80.

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 3 April 2012.

D R Prickett

Company Secretary
65 Carter Lane
London EC4V 5HF

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 33);
- 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.

There is currently no internal audit function, although this is kept under annual review.

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?	No	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.

Pommy Sarwal sits on the board of Hybrid Air Vehicles Limited, a UK incorporated company, as Joint Chairman with Philip Gwyn. Mr Sarwal also sits on the Board of Venners 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.

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.

Corporate governance

Continued

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

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 affect 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

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

Stock & Inventory Systems & Services

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

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 36.

Remuneration report

Part 1 of this report sets out the Company's remuneration policies for the Directors for the year ended 31 December 2011. 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 2011.

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.

Remuneration report

Continued

Part 2. Directors' Emoluments

	Salary, Commissions & Fees £'000	Ex Gratia Payments £'000	Bonus £'000	Benefits £'000	Pensions £'000	2011 £'000	2010 £'000
Philip Gwyn	150	–	–	20	21	191	190
David Rugg*	333	–	3	40	–	376	372
Chris Day**	285	–	1	21	29	336	573
Dan Prickett***	120	–	–	10	4	134	84
Paul Harding****	75	–	15	8	8	106	–
Robert Zenker*****	–	–	–	–	–	–	129
Tony Chambers	25	–	–	–	–	25	25
Pommy Sarwal	50	–	–	–	–	50	50
Michael Likierman*****	11	–	–	–	–	11	25
	1,049	–	19	99	62	1,229	1,448

* David Rugg voluntarily reduced his annual salary by 10% with effect from 1 June 2009 which was restored with effect from 1 July 2011.

** Chris Day accepted a 10% reduction in basic salary with effect from 1 June 2009 which was restored with effect from 1 July 2011.

*** Dan Prickett was appointed to the Board on 22 March 2010 and his comparative figures for 2010 reflect this appointment date.

**** Paul Harding was appointed to the Board on 1 July 2011.

***** Robert Zenker resigned from the Board on 22 March 2010.

***** Michael Likierman retired from the Board on 15 June 2011.

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

	2011 £'000	2010 £'000
Defined benefit scheme:		
Accrued pension at end of year	196	163

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

Directors' pension entitlements

The Company contributed £21,000 (2010: £21,000) for Philip Gwyn to a self-administered pension fund. David Rugg and Chris Day are members of the Christie Group plc Pension & Assurance Scheme managed by Hanover Pensions Limited. P Harding and D 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 below:

	31 Mar 2011	31 Dec 2011	31 Dec 2010
Philip Gwyn	10,967,582	10,967,582	10,967,582
David Rugg	2,596,860	2,596,860	2,496,860
Chris Day	606,068	606,068	606,068
Michael Likierman	–	–	300,000
Paul Harding	200,000	200,000	–
Tony Chambers	125,690	125,690	125,690
Pommy Sarwal	–	–	–
Dan Prickett	–	–	–

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

- Dan Prickett holds 50,000 share options, granted in May 2009 and September 2009 exercisable between May 2012 and September 2019.
- Paul Harding holds 25,000 share options, granted in May 2009 exercisable between May 2012 and May 2019.
- Chris Day holds 50,000 share options, granted in May 2009 exercisable between May 2012 and May 2019.

Share options

During the year none of the Executive Directors were awarded share options under long term incentive schemes (2010: nil).

The market price of the shares at 31 December 2011 was 62.5p (31 December 2010: 55.5p) and the range during the year was 41.5p to 72.5p (year to 31 December 2010: 37.5p to 62.5p).

Statement of directors' responsibilities

The directors are responsible for preparing 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.

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 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Parent Company Statements of Changes in Shareholders' Equity and the related notes 1 to 34. 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 37, 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 Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of the group's loss 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 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.

Michael Bishop

Senior Statutory Auditor, for and on behalf of

Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

3 April 2012

Consolidated statement of comprehensive income

For the year ended 31 December 2011

	Note	2011 Before exceptional items £'000	2011 Exceptional items £'000	2011 Total £'000	2010 Total (restated) £'000
Revenue	6	53,230	60	53,290	48,905
Employee benefit expenses	7	(37,466)	(310)	(37,776)	(33,972)
		15,764	(250)	15,514	14,933
Depreciation and amortisation	6	(434)	(3)	(437)	(497)
Impairment (charge)/credit	21	92	–	92	566
Other operating expenses		(14,677)	(152)	(14,829)	(13,960)
Operating profit/(loss)		745	(405)	340	1,042
Finance costs	8	(104)	–	(104)	(126)
Finance income	8	1	–	1	23
Total finance costs	8	(103)	–	(103)	(103)
Profit/(loss) before tax	9	642	(405)	237	939
Taxation	10	(386)	–	(386)	455
Profit/(loss) for the year after tax		256	(405)	(149)	1,394
Other comprehensive (losses)/income:					
Exchange differences on translating foreign operations				(57)	35
Other comprehensive (losses)/income for the period, net of tax				(57)	35
Total comprehensive (losses)/income for the year				(206)	1,429
(Loss)/profit for the period after tax attributable to:					
Equity shareholders of the parent				(114)	1,394
Non-Controlling interest				(35)	–
				(149)	1,394
Earnings per share attributable to equity holders – pence					
– Basic	12			(0.46)	5.64
– Fully diluted	12			(0.46)	5.62

All the amounts derive from continuing activities.

Exceptional items represent the costs of new operations commenced during the year. (See notes 2.5 and 33).

The 2010 results are re-stated to separately identify amounts recognised in the statement of comprehensive income in relation to the impairment of trade receivables, previously included within "Other operating expenses". No other changes have been made.

Consolidated statement of changes in shareholders' equity

As at 31 December 2011

	Attributable to the Equity Holders of the Company				Non-controlling interest £'000	Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 23) £'000	Cumulative translation reserve £'000	Retained earnings £'000		
For the year ended 31 December 2010						
Balance at 1 January 2010	505	3,106	476	(3,119)	–	968
Profit for the year after tax	–	–	–	1,394	–	1,394
Exchange differences on translating foreign operations	–	–	35	–	–	35
Total comprehensive income for the period	–	–	35	1,394	–	1,429
Movement in respect of employee share scheme	–	383	–	(410)	–	(27)
Employee share option scheme:						
– value of services provided	–	86	–	–	–	86
Balance at 31 December 2010	505	3,575	511	(2,135)	–	2,456

	Attributable to the Equity Holders of the Company				Non-controlling interest £'000	Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 23) £'000	Cumulative translation reserve £'000	Retained earnings £'000		
For the year ended 31 December 2011						
Balance at 1 January 2011	505	3,575	511	(2,135)	–	2,456
Loss for the year after tax	–	–	–	(114)	(35)	(149)
Exchange differences on translating foreign operations	–	–	(57)	–	–	(57)
Total comprehensive losses for the period	–	–	(57)	(114)	(35)	(206)
Movement in respect of employee share scheme	–	38	–	–	–	38
Employee share option scheme:						
– value of services provided	–	72	–	–	–	72
Dividends paid	–	–	–	(244)	–	(244)
Balance at 31 December 2011	505	3,685	454	(2,493)	(35)	2,116

Consolidated statement of financial position

As at 31 December 2011

	Note	2011 €'000	2010 €'000
Assets			
Non-current assets			
Intangible assets – Goodwill	13	1,011	1,011
Intangible assets – Other	14	145	184
Property, plant and equipment	15	606	591
Deferred tax assets	16	3,039	3,425
Available-for-sale financial assets	17a	300	300
Other receivables	18	904	904
		6,005	6,415
Current assets			
Inventories	19	1	1
Trade and other receivables	21	11,225	9,377
Current tax assets		72	93
Cash and cash equivalents	20	1,059	2,323
		12,357	11,794
Total assets		18,362	18,209
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	22	505	505
Fair value and other reserves	23	3,685	3,575
Cumulative translation reserve		454	511
Retained earnings	23	(2,493)	(2,135)
		2,151	2,456
Non-Controlling interest	33	(35)	–
Total equity		2,116	2,456
Liabilities			
Non-current liabilities			
Retirement benefit obligations	24	2,376	3,222
Provisions	27	554	2,093
		2,930	5,315
Current liabilities			
Trade and other payables	25	8,265	8,580
Borrowings	26	3,091	1,717
Provisions	27	1,960	141
		13,316	10,438
Total liabilities		16,246	15,753
Total equity and liabilities		18,362	18,209

These consolidated financial statements have been approved for issue by the Board of Directors on 3 April 2012.

D B Rugg
Chief Executive

D R Prickett
Chief Financial Officer

Consolidated statement of cash flows

For the year ended 31 December 2011

	Note	2011 €'000	2010 €'000
Cash flow from operating activities			
Cash (used in)/generated from operations	28	(1,907)	295
Interest paid		(104)	(126)
Tax received		–	33
Net cash (used in)/generated from operating activities		(2,011)	202
Cash flow from investing activities			
Purchase of property, plant and equipment (PPE)		(420)	(306)
Proceeds from sale of PPE		–	7
Intangible asset expenditure		(7)	(92)
Interest received		1	23
Net cash used in investing activities		(426)	(368)
Cash flow from financing activities			
Net proceeds from/(payment to) the purchase & sale of shares held by ESOP		38	(28)
Proceeds from/(repayments of) invoice finance		397	(255)
Dividends paid		(244)	–
Net cash generated from/(used in) financing activities		191	(283)
Net decrease in cash		(2,246)	(449)
Cash and cash equivalents at beginning of year		1,232	1,723
Exchange gains/(losses) on euro bank accounts		5	(42)
Cash and cash equivalents at end of year		(1,009)	1,232

Company statement of changes in shareholders' equity

As at 31 December 2011

	Attributable to the Equity Holders of the Company			
	Share capital £'000	Fair value and other reserves (Note 23) £'000	Retained earnings £'000	Total equity £'000
For the year ended 31 December 2010				
Balance at 1 January 2010	505	2,679	4,499	7,683
Total comprehensive losses for the period	–	–	(139)	(139)
Movement in respect of employee share scheme	–	383	(410)	(27)
Employee share options scheme – value of services provided	–	(1)	–	(1)
Balance at 31 December 2010	505	3,061	3,950	7,516

	Attributable to the Equity Holders of the Company			
	Share capital £'000	Fair value and other reserves (Note 23) £'000	Retained earnings £'000	Total equity £'000
For the year ended 31 December 2011				
Balance at 1 January 2011	505	3,061	3,950	7,516
Total comprehensive losses for the period	–	–	(514)	(514)
Movement in respect of employee share scheme	–	39	–	39
Balance at 31 December 2011	505	3,100	3,436	7,041

Company statement of financial position

As at 31 December 2011

	Note	2011 €'000	2010 €'000
Assets			
Non-current assets			
Investments in subsidiaries	17	2,563	2,563
Deferred tax assets	16	626	569
Available-for-sale financial assets	17a	300	300
Other receivables	18	7,175	6,090
		10,664	9,522
Current assets			
Trade and other receivables	21	2,958	2,459
Current tax assets		72	72
Cash and cash equivalents	20	1	55
		3,031	2,586
Total assets		13,695	12,108
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	22	505	505
Fair value and other reserves	23	3,100	3,061
Retained earnings	23	3,436	3,950
Total equity		7,041	7,516
Liabilities			
Non-current liabilities			
Retirement benefit obligations	24	286	335
		286	335
Current liabilities			
Trade and other payables	25	4,451	3,260
Borrowings	26	1,917	997
		6,368	4,257
Total liabilities		6,654	4,592
Total equity and liabilities		13,695	12,108

These Company financial statements have been approved for issue by the Board of Directors on 3 April 2012.

D B Rugg
Chief Executive

D R Prickett
Chief Financial Officer

Company statement of cash flows

For the year ended 31 December 2011

	Note	2011 €'000	2010 €'000
Cash flow from operating activities			
Cash (used in)/generated from operations	28	(834)	648
Interest paid		(122)	(126)
Net cash (used in)/generated from operating activities		(956)	522
Cash flow from investing activities			
Investment in fixed asset investments		–	(303)
Investment income from fixed asset investments		–	350
Interest received		192	187
Net cash generated from investing activities		192	234
Cash flow from financing activities			
Dividends paid		(244)	–
Net proceeds from/(payment to) the purchase & sale of shares held by ESOP		39	(28)
Net cash used in financing activities		(205)	(28)
Net (decrease)/increase in net cash		(969)	728
Cash and cash equivalents at beginning of year		(942)	(1,663)
Exchange loss on euro bank account		(5)	(7)
Cash and cash equivalents at end of year		(1,916)	(942)

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 2011

The principal accounting policies adopted in the preparation of these 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) as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and 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 available for sale financial assets and defined benefit pension scheme, and on a going concern basis.

The financial statements have been prepared in accordance with IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (April 2012).

The preparation of financial statements in accordance 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 parent company financial statements are disclosed in Note 4.

New and amended standards adopted by the group

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2011, have had a material effect on the financial statements of the Group or the Company.

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 2012 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 (April 2012) will have a material effect on the consolidated financial statements of the Group, except for IAS 19 'Employee benefits' which becomes mandatory for the Group's 2013 consolidated financial statements.

IAS 19, 'Employee benefits' was amended in June 2011. The impact on the group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in Other Comprehensive Income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The group does not plan to adopt this standard early and the extent of the impact will be assessed when the standard becomes effective.

2.2 Consolidation

The Group financial statements include the results of Christie Group plc and all its subsidiary undertakings on the basis of their financial statements to 31 December 2011. 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. Control is regarded as the power to govern the financial and operating policies of the entity so as to obtain the benefits from its activities.

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.

2. Summary of significant accounting policies continued

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 statement of comprehensive income.

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 statement of comprehensive income 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 statement of comprehensive income 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. 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 overseas on the basis that the risks and returns may vary depending on the economic environment.

Notes to the consolidated financial statements

Continued

2. Summary of significant accounting policies continued

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.

2.7 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'. Prior to 1 January 2004, goodwill was amortised over its estimated useful lives. Such amortisation ceased on 31 December 2003, subject to an impairment review at the date of transition, in which no impairment was recognised. The Group's policy for the years up to 31 March 1998 was to eliminate goodwill arising on acquisitions against reserves. As permitted by IFRS 1 and IFRS 3, such goodwill remains eliminated against reserves.

Other

Intangible fixed assets such as software, trademarks and patent rights 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 statement of comprehensive income.

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 statement of comprehensive income on a straight-line basis over the period of the lease.

Assets, held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, whilst the interest elements are charged to the statement of comprehensive income over the period of the leases at a constant rate.

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 cashflows arising over a projected period of 5 years from the balance sheet 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.

2. Summary of significant accounting policies continued

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 balance sheet date.

Purchases and sales of investments 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.

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 can not 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 statement of comprehensive income.

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 statement of comprehensive income 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 substantially 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.

Notes to the consolidated financial statements

Continued

2. Summary of significant accounting policies continued

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 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, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of scheme assets or 10% of the defined benefit obligation are charged or credited to the statement of comprehensive income over the employees' expected average remaining period till the scheme retirement date.

Past-service costs are recognised immediately in the statement of comprehensive income, unless the changes to the pension scheme are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Pension obligations – Personal pension 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 22a. In accordance with IFRS 2 'Share-based Payments' the resulting cost is charged to the statement of comprehensive income 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 statement of comprehensive income, 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 2011, 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 £20,000 higher (2010: £10,000 lower) 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 £20,000 (2010: £46,000).

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 ensures it has adequate cover through the availability of bank overdraft and loan facilities.

At 31 December 2011 total borrowings by the Group amounted to £3,091,000 (2010: £1,717,000), with additional available unutilised credit facilities at 31 December 2011 of £2,078,000 (2010: £2,945,000).

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 2011 were £1,059,000 (2010: £2,323,000).

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 2011, assuming all other variables remained equal but interest rates were 1% higher or lower throughout the year, the impact on post tax losses would be a maximum increase or decrease of £1,000 (2010: £14,000).

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.

Notes to the consolidated financial statements

Continued

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 (Note 13).

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;
- the expected return on plan assets; and
- the estimated life expectancy of participating members.

The assumptions used by the Group, as stated in Note 24, 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 amortises actuarial gains and losses outside the 10% corridor, over the average future service lives of employees. Under this method, major changes in assumptions, and variances between assumptions and actual results, may affect retained earnings over several future periods rather than one period, while more minor variances and assumption changes may be offset by other changes and have no direct effect on retained earnings.

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 of the Parent Company is not presented as part of these financial statements. The Parent Company made a loss after tax of £270,000 (2010: £139,000). It had dividends paid of £244,000 making total comprehensive losses for the year of £514,000.

6. Segment information

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

The segment results for the year ended 31 December 2011 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment sales	27,474	25,920	2,338	55,732
Inter-segment sales	(104)	–	(2,338)	(2,442)
Revenue	27,370	25,920	–	53,290
Operating (loss)/profit before exceptional items	(57)	647	155	745
Exceptional items	(405)	–	–	(405)
Operating (loss)/profit after exceptional items	(462)	647	155	340
Net finance (costs)/credit	(121)	(34)	52	(103)
Profit before tax				237
Taxation				(386)
Loss for the year after tax				(149)

The segment results for the year ended 31 December 2010 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment sales	26,610	22,399	2,188	51,197
Inter-segment sales	(104)	–	(2,188)	(2,292)
Revenue	26,506	22,399	–	48,905
Operating profit/(loss)	1,508	298	(764)	1,042
Net finance (costs)/credit	(125)	(12)	34	(103)
Profit before tax				939
Taxation				455
Profit for the year after tax				1,394

Notes to the consolidated financial statements

Continued

6. Segment information continued

Other segment items included in the statements of comprehensive income for the years ended 31 December 2011 and 2010 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
31 December 2011				
Depreciation and amortisation	190	242	5	437
Impairment of trade receivables	(143)	51	–	(92)
31 December 2010				
Depreciation and amortisation	202	273	22	497
Impairment of trade receivables	(627)	61	–	(566)

The segment assets and liabilities at 31 December 2011 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	6,832	5,519	2,900	15,251
Deferred tax assets				3,039
Current tax assets				72
				18,362
Liabilities	7,070	4,688	1,397	13,155
Borrowings				3,091
				16,246
Capital expenditure	147	277	3	427

The segment assets and liabilities at 31 December 2010 and capital expenditure for the year are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Assets	7,439	4,834	2,418	14,691
Deferred tax assets				3,425
Current tax assets				93
				18,209
Liabilities	7,963	4,497	1,576	14,036
Borrowings				1,717
				15,753
Capital expenditure	69	323	6	398

6. Segment information continued

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 is allocated below based on the country in which the customer is located.

	2011 £'000	2010 £'000
Revenue		
Europe	52,400	48,412
Rest of the World	890	493
	53,290	48,905

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

	2011 £'000	2010 £'000
Total segment assets		
Europe	14,998	14,504
Rest of the World	253	187
	15,251	14,691

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

	2011 £'000	2010 £'000
Capital expenditure		
Europe	392	398
Rest of World	35	–
	427	398

	2011 £'000	2010 £'000
Analysis of revenue by category		
Sale of goods	405	106
Revenue from services	52,885	48,799
	53,290	48,905

Notes to the consolidated financial statements

Continued

7. Employee benefit expenses

Staff costs for the Group during the year	2011 €'000	2010 €'000
Salaries and short term employee benefits*	35,101	31,252
Other benefits	1,198	1,372
Post employment benefits	986	585
Other long-term benefits	419	677
Cost of employee share scheme	72	86
	37,776	33,972

*Includes exceptional items of €310,000 (2010: £nil).

Average number of people (including executive directors) employed by the Group during the year was	2011 Number	2010 Number
Operational	840	757
Administration and support staff	240	238
	1,080	995

8. Finance costs

	2011 €'000	2010 €'000
Interest payable on bank loans and overdrafts	75	70
Other interest payable	29	56
Total finance costs	104	126
Bank interest receivable	(1)	(5)
Other interest receivable	–	(18)
Total finance credit	(1)	(23)
Net finance costs	103	103

9. Profit/(loss) before tax

	Group	
	2011 £'000	2010 £'000
Profit/(loss) before tax is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
– owned assets	398	451
Amortisation of intangible fixed assets	39	46
Profit on sale of property, plant and equipment	–	6
Operating lease charges		
– buildings	1,448	1,319
– other	675	668
Impairment of trade receivables (see note 21)	(92)	(566)
Vacant leasehold provisions	52	50
Repairs and maintenance expenditure on property, plant and equipment	291	249
(Gain)/loss on foreign exchange (including Company gain £5,000 (2010: loss £7,000))	(16)	21

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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Audit services				
– audit of the parent company and consolidated financial statements	14	14	14	14
– audit of the subsidiary company financial statements	88	85	–	–
Total audit fees	102	99	14	14
Pension scheme fees	11	11	–	–
Other services pursuant to legislation	4	4	–	–
Tax services	1	17	1	17
Other services				
– other services	7	7	7	7

Notes to the consolidated financial statements

Continued

10. Taxation

	2011 €'000	2010 €'000
Current tax		
UK Corporation tax at 26.5% (2010: 28%)	–	72
Foreign tax	–	21
Adjustment in respect of prior periods	–	4
Total current tax credit	–	97
Deferred tax		
Origination and reversal of timing differences	(146)	358
Impact of change in the UK corporation tax rate	(240)	–
Total deferred tax (charge)/credit	(386)	358
Tax (charge)/credit on profit/(loss) on ordinary activities	(386)	455

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 26.5% as follows:

Tax on profit/(loss) on ordinary activities

	2011 €'000	2010 (restated) €'000
Profit on ordinary activities before tax	237	939
Profit on ordinary activities at standard rate of UK corporation tax of 26.5% (2010: 28%)	(63)	(263)
Effects of:		
– income not subject to tax	5	654
– expenses not deductible for tax purposes	(205)	(183)
– tax losses for which no deferred tax asset has previously been recognised	117	243
Re-measurement of deferred tax asset due to changes in the UK corporation tax rate	(240)	–
Adjustment to tax charge in respect of previous periods	–	4
Total tax (charge)/credit	(386)	455

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 2011 which had been measured at 27% at 31 December 2010 have been re-measured using the enacted rate that will apply at 31 December 2012 (25%).

11. Dividends

A dividend in respect of the year ended 31 December 2011 of 0.5p per share, amounting to a total dividend of £124,000, is to be proposed at the Annual General Meeting on 13 June 2012. These financial statements do not reflect this proposed dividend.

12. 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 2011 £'000	31 December 2010 £'000
(Loss)/profit from continuing operations attributable to equity holders of the Company	(114)	1,394
	31 December 2011 Thousands	31 December 2010 Thousands
Weighted average number of ordinary shares in issue	24,677	24,718
Adjustment for share options	189	67
Weighted average number of ordinary shares for diluted earnings per share	24,866	24,785
	31 December 2011 Pence	31 December 2010 Pence
Basic earnings per share		
Continuing operations	(0.46)	5.64
Fully diluted earnings per share		
Continuing operations	(0.46)	5.62

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.

13. Intangible assets – goodwill

Group	Total £'000
Cost	
At 1 January 2011 and 31 December 2011	1,011
Group	Total £'000
Cost	
At 1 January 2010 and 31 December 2010	1,011

Notes to the consolidated financial statements

Continued

13. Intangible assets – goodwill continued

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 2011 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000
Goodwill	178	833

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. 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	2.5	2.5

14. Intangible assets – other

Group	Software £'000
Cost	
At 1 January 2011	360
Additions	7
Disposals	(30)
Foreign currency translation effects	1
At 31 December 2011	338
Accumulated amortisation and impairment	
At 1 January 2011	176
Charge for the year	39
Disposals	(30)
Foreign currency translation effects	8
At 31 December 2011	193
Net book amount at 31 December 2011	145

14. Intangible assets – other continued

Group	Software £'000
Cost	
At 1 January 2010	296
Additions	95
Disposals	(36)
Foreign currency translation effects	5
At 31 December 2010	360
Accumulated amortisation and impairment	
At 1 January 2010	158
Charge for the year	46
Disposals	(36)
Foreign currency translation effects	8
At 31 December 2010	176
Net book amount at 31 December 2010	184

15. Property, plant and equipment

Group	Short leasehold property £'000	Fixtures, fittings, computer equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2011	303	2,918	3,221
Additions	–	420	420
Disposals	–	(522)	(522)
Foreign currency translation effects	–	(18)	(18)
At 31 December 2011	303	2,798	3,101
Accumulated depreciation			
At 1 January 2011	303	2,327	2,630
Charge for the year	–	398	398
Disposals	–	(522)	(522)
Foreign currency translation effects	–	(11)	(11)
At 31 December 2011	303	2,192	2,495
Net book amount at 31 December 2011	–	606	606

Notes to the consolidated financial statements

Continued

15. Property, plant and equipment continued

Group	Short leasehold property €'000	Fixtures, fittings, computer equipment and motor vehicles €'000	Total €'000
Cost			
At 1 January 2010	303	3,130	3,433
Additions	–	306	306
Disposals	–	(529)	(529)
Foreign currency translation effects	–	11	11
At 31 December 2010	303	2,918	3,221
Accumulated depreciation			
At 1 January 2010	303	2,381	2,684
Charge for the year	–	451	451
Disposals	–	(516)	(516)
Foreign currency translation effects	–	11	11
At 31 December 2010	303	2,327	2,630
Net book amount at 31 December 2010	–	591	591

16. 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	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Deferred tax assets comprises:				
Depreciation in excess of capital allowances	802	765	1	3
Losses not yet utilised	822	793	363	279
Short-term timing differences	821	997	191	197
Deferred tax asset	2,445	2,555	555	479
Deferred tax asset on pension	594	870	71	90
At 31 December	3,039	3,425	626	569

16. Deferred tax continued

Movements in the deferred tax asset:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
At 1 January	3,425	3,067	569	327
(Charged)/credited to statement of comprehensive income	(386)	358	57	242
At 31 December	3,039	3,425	626	569

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 £822,000 (2010: £793,000) relating to losses not yet utilised is derived from unutilised tax losses of £3,288,000 (2010: £2,937,000). 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 £131,000 (2010: £139,000) in respect of losses amounting to £524,000 (2010: £518,000) that can be carried forward against future taxable income as the realisation of the benefit cannot be assessed as probable as at 31 December 2011.

UK deferred tax assets have been recognised at the UK corporation tax rate of 25% effective from 1 April 2012.

The UK government has announced future changes to the Corporation tax rate. These changes, if enacted, will result in a decrease in the standard rate of corporation tax to 24% in April 2012, reducing by 1% per annum to a standard rate of 22% in April 2014. As at 31 December 2011 the substantively enacted rate remains at 25% and in accordance with applicable accounting standards the deferred tax asset has been calculated using this rate. In the event that the proposed rate changes are substantively enacted the effect on the deferred tax asset of the Group would be a reduction of up to £342,000 (Company: £52,000).

17. Investments in subsidiaries

Company	Total £'000
Cost	
At 1 January 2011 and 31 December 2011	6,149
Provision for impairment	
At 1 January 2011 and 31 December 2011	3,586
Net book amount at 31 December 2011	2,563

Notes to the consolidated financial statements

Continued

17. Investments in subsidiaries continued

Company	Total £'000
Cost	
At 1 January 2010	6,196
Additions	303
Written off	(350)
At 31 December 2010	6,149
Provision for impairment	
At 1 January 2010	3,936
Written off	(350)
At 31 December 2010	3,586
Net book amount at 31 December 2010	2,563

Subsidiary undertakings

At 31 December 2011 the principal subsidiaries were as follows:

Company	Country of incorporation		Nature of business
Christie, Owen & Davies Ltd (trading as Christie + Co)*	UK	100%	Business valuers, surveyors and agents
Christie + Co SARL*	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 FZ LLC*	United Arab Emirates	90%	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
Ridgecop Limited*	UK	100%	Stocktaking and inventory management services
Venners Ltd	UK	100%	Licensed stock and inventory auditors and valuers
Venners Systems & Services Ltd (trading as Vennersys)	UK	100%	EPoS, head office systems and merchandise control
Venners Systems & Services Corporation* (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.

17. Investments in subsidiaries *continued*

17a. Available-for-sale financial assets

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Non-current assets				
Cost				
At 1 January 2011 and 31 December 2011	300	300	300	300

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

The available-for-sale financial asset represents an unquoted investment held at cost. The fair value of the asset cannot be measured reliably as it is an unquoted equity investment. The asset is classified as a non-current available-for-sale asset by virtue of its non-classification in any other asset category. There are no current plans to dispose of the asset and as such the directors believe it appropriate to carry the asset at the lower of cost and fair value.

18. Other receivables

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Non-current assets				
Amounts due from group undertakings	–	–	6,842	5,771
Less: Provision for impairment of amounts due from group undertakings	–	–	(571)	(585)
Other debtors	904	904	904	904
Other receivables	904	904	7,175	6,090

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.

19. Inventories

	Group
	2011 £'000
Finished goods and goods for resale	1

A provision of Enil (2010: £22,000) is held against goods for resale to reduce the carrying value to reflect the net realisable value of the inventory.

Notes to the consolidated financial statements

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20. Cash and cash equivalents

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash at bank and in hand	1,059	2,323	1	55
Short-term bank deposits	–	–	–	–
	1,059	2,323	1	55

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

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash and cash equivalents	1,059	2,323	1	55
Bank overdrafts (note 26)	(2,068)	(1,091)	(1,917)	(997)
	(1,009)	1,232	(1,916)	(942)

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 2011 the ultimate parent undertaking had utilised bank overdrafts to the value of £1,917,000 (2010: £997,000).

21. Trade and other receivables

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade receivables	7,559	6,683	–	–
Less: Provision for impairment of receivables	(929)	(1,101)	–	–
Amounts owed by group undertakings	–	–	1,979	2,144
Other debtors	1,754	1,068	869	260
Prepayments and accrued income	2,841	2,727	110	55
	11,225	9,377	2,958	2,459

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

21. Trade and other receivables continued

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

	Group	
	2011 £'000	2010 (restated) £'000
Provision at 1 January	1,101	1,837
Amounts provided in previous period not utilised	(793)	(1,009)
Provided in the period	701	443
Impairment of receivables recognised in the Consolidated Statement of Comprehensive Income	(92)	(566)
Amounts written off in the year	(75)	(131)
Foreign currency translation effects	(5)	(39)
Provision at 31 December	929	1,101

The impairment of trade receivables in the year has been included in 'Other operating expenses' in the Consolidated Statement of Comprehensive Income. Amounts are written off when there is no expectation of recovering additional cash.

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	
	2011 £'000	2010 £'000
Not overdue	3,127	3,089
Amounts past due:		
← 1 month	2,004	1,668
1 – 3 months	914	576
3 – 6 months	621	341
6 – 12 months	455	225
→ 1 year	438	784
Provision for impairment of trade receivables	(929)	(1,101)
Amounts past due but not impaired	3,503	2,493

Notes to the consolidated financial statements

Continued

21. Trade and other receivables continued

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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Sterling	9,902	7,645	2,958	2,459
Euros	1,182	1,599	–	–
Canadian Dollars	112	133	–	–
United Arab Emirates Dirhams	29	–	–	–
	11,225	9,377	2,958	2,459

22. Share capital

	2011		2010	
	Number	£'000	Number	£'000
Ordinary shares of 2p each				
Allotted and fully paid: At 1 January and 31 December	25,263,551	505	25,263,551	505

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

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.

At 31 December 2011 the total payments by the Company to the ESOP to finance the purchase of ordinary shares was £1,868,000 (2010: £1,988,000). The market value at 31 December 2011 of the ordinary shares held in the ESOP was £302,000 (2010: £323,000). The investment in own shares represents 483,000 shares (2010: 582,000) with a nominal value of 2p each.

22. Share capital continued

22a. 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 2003 – September 2011.

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
2011	2010			
–	13,333	53.5p	Apr 2001	Apr 2004 – Apr 2011
–	3,000	40.0p	Oct 2001	Oct 2004 – Oct 2011
35,000	35,000	47.5p	Apr 2003	Apr 2006 – Apr 2013
12,000	12,000	46.5p	Jun 2003	Jun 2006 – Jun 2013
3,000	6,000	100.0p	Apr 2005	Apr 2008 – Apr 2015
9,000	9,000	130.5p	Apr 2006	Apr 2009 – Apr 2016
3,000	9,000	251.5p	Mar 2007	Mar 2010 – Mar 2017
–	7,000	113.5p	Apr 2008	Apr 2011 – Apr 2018
–	23,000	39.5p	May 2009	May 2012 – May 2019
735,634	745,634	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
94,000	104,000	46.5p	May 2010	May 2013 – May 2020
84,000	–	58.5p	Sep 2011	Sep 2014 – Sep 2021
1,131,634	1,122,967			

Under the Share Option Scheme the Remuneration Committee can grant options over shares to employees of the Company. 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 142 employees are currently participating in this Group. 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 53.0p to 228.5p. There were 834,000 (2010: 865,000) remaining options outstanding under the SAYE scheme at 31 December 2011.

Notes to the consolidated financial statements

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22. Share capital continued

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 are as follows:

	2011	2010
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	28.5% – 78.3%	28.5% – 78.3%
Expected life (years)	3 – 5 years	3 – 5 years
Risk free rate	1.4% – 5.1%	1.8% – 5.1%
Dividend yield	0.0% – 3.7%	0.0% – 3.7%
Fair value per option	10.35p – 84.80p	10.35p – 84.8p

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:

	2011		2010	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,122,967	49.83p	1,128,467	50.05p
Granted	84,000	58.50p	107,000	46.50p
Forfeited or lapsed	(59,000)	76.90p	(112,500)	48.90p
Exercised	–	–	–	–
Surrendered	–	–	–	–
Expired	(16,333)	51.02p	–	–
Outstanding at 31 December	1,131,634	49.04p	1,122,967	49.83p
Exercisable at 31 December	62,000	71.77p	69,333	52.70p

No share options were exercised during the year or prior year. The total charge for the year relating to employee share based payment plans was £72,000 (2010: £86,000), all of which related to equity-settled share based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2011 was 7.4 years (2010: 8.1 years).

23. 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 2011	4,073	607	(1,115)	10	3,575	(2,135)
Movement in respect of employee share scheme	–	72	38	–	110	–
Comprehensive loss for the period	–	–	–	–	–	(114)
Dividends paid	–	–	–	–	–	(244)
At 31 December 2011	4,073	679	(1,077)	10	3,685	(2,493)

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 2010	4,073	521	(1,498)	10	3,106	(3,119)
Movement in respect of employee share scheme	–	86	383	–	469	(410)
Comprehensive profits for the period	–	–	–	–	–	1,394
At 31 December 2010	4,073	607	(1,115)	10	3,575	(2,135)

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 2011	4,073	4	(1,115)	10	89	3,061	3,950
Movement in respect of employee share scheme	–	1	38	–	–	39	–
Comprehensive losses for the period	–	–	–	–	–	–	(514)
At 31 December 2011	4,073	5	(1,077)	10	89	3,100	3,436

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 2010	4,073	5	(1,498)	10	89	2,679	4,499
Movement in respect of employee share scheme	–	(1)	383	–	–	382	(410)
Comprehensive losses for the period	–	–	–	–	–	–	(139)
At 31 December 2010	4,073	4	(1,115)	10	89	3,061	3,950

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.

Notes to the consolidated financial statements

Continued

24. Retirement benefit obligations

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

	2011 £'000	2010 £'000
United Kingdom	2,376	3,222

United Kingdom

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.

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:

	2011 £'000	2010 £'000
Present value of funded obligations	33,612	33,042
Fair value of plan assets	(33,277)	(33,324)
	335	(282)
Present value of unfunded obligations	3,957	2,746
Unrecognised actuarial (losses)/gains	(1,916)	758
Liability in the statement of financial position	2,376	3,222

The principal actuarial assumptions used were as follows:

	2011 %	2010 %
Discount rate	5.8	5.8
Inflation rate	3.5	3.5
Expected return on plan assets	6.2 – 7.6	6.2 – 7.6
Future salary increases	3.5	3.5
Future pension increases	2.5 – 3.5	2.5 – 3.5

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:

	2011 Years	2010 Years
Male	19.8 – 22.1	19.8 – 22.0
Female	22.7 – 23.9	22.7 – 24.0

24. Retirement benefit obligations continued

The movement in the defined benefit obligation is as follows:

	2011 £'000	2010 £'000
At 1 January	35,788	33,625
Interest cost	2,078	1,966
Current service cost	599	667
Benefits paid	(657)	(672)
Actuarial (gains)/losses	(239)	202
At 31 December	37,569	35,788
Attributable to:		
Present value of funded obligations	33,612	33,042
Present value of unfunded obligations	3,957	2,746
	37,569	35,788

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

	2011 £'000	2010 £'000
At 1 January	33,324	29,348
Expected return on plan assets	2,153	1,988
Employee Contributions	174	186
Employer Contributions	1,150	831
Benefits paid	(657)	(672)
Actuarial (losses)/gains	(2,867)	1,643
At 31 December	33,277	33,324

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

	2011 £'000	2010 £'000
Current service cost	599	667
Interest cost	2,078	1,966
Expected return on plan assets	(2,153)	(1,988)
Net actuarial loss recognised in the year	(46)	–
Total included in employee benefit expenses	478	645

The actual return on plan assets was a loss of £714,000 (2010: £3,631,000 gain).

Notes to the consolidated financial statements

Continued

24. Retirement benefit obligations continued

Plan assets are comprised as follows:

	2011		2010	
	£'000	Expected return %	£'000	Expected return %
Equity	22,500	6.9 – 7.6	24,167	6.5 – 7.6
Debt	5,412	7.5 – 7.6	4,965	7.5 – 7.6
Property	1,410	6.9 – 7.6	–	–
Other	3,955	4.4 – 7.6	4,192	5.3 – 7.6
	33,277	6.2 – 7.6	33,324	6.2 – 7.6

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the statement of financial position date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to UK post retirement benefit schemes for the year ending 31 December 2012 are £1,142,000.

History of experience adjustments:

As at 31 December	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of defined obligations	37,569	35,788	33,625	33,547	30,998
Fair value of plan assets	(33,277)	(33,324)	(29,348)	(25,463)	(29,566)
Deficit	4,292	2,464	4,277	8,084	1,432
Experience adjustments on plan liabilities	239	(202)	2,021	(1,182)	218
Experience adjustments on plan assets	(2,867)	1,643	2,009	(6,508)	(346)

Company

The statement of comprehensive income charge of £33,000 (2010: £30,000) and statement of financial position liability of £286,000 (2010: £335,000) recognised by the Company in relation to the Christie Group defined benefit scheme has been allocated on the basis of contributions to the scheme. For the year ended 31 December 2011 contributions paid by the Company amounted to £79,000 (2010: £38,000).

25. Trade and other payables

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade payables	1,442	1,968	137	247
Amounts owed to group undertakings	–	–	3,514	2,574
Other taxes and social security	2,103	1,585	333	251
Other creditors	859	472	319	1
Accruals	2,534	3,522	148	187
Deferred income	1,327	1,033	–	–
	8,265	8,580	4,451	3,260

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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Sterling	8,001	7,808	4,451	3,260
Euros	212	751	–	–
Canadian Dollars	51	21	–	–
United Arab Emirates Dirhams	1	–	–	–
	8,265	8,580	4,451	3,260

26. Borrowings

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Current				
Bank overdrafts	2,068	1,091	1,917	997
Invoice finance	1,023	626	–	–
	3,091	1,717	1,917	997

The Group is not subject to any contractual repricing.

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

Notes to the consolidated financial statements

Continued

27. Provisions

	Vacant leasehold provisions £'000	Long-term benefits due to employees £'000	Dilapidations £'000	Total £'000
At 1 January 2011	149	1,684	401	2,234
Charged/(credited) to the statement of comprehensive income				
– Additional provision	52	887	143	1,082
Utilised during the year	(63)	(619)	(120)	(802)
At 31 December 2011	138	1,952	424	2,514

	Vacant leasehold provisions £'000	Long-term benefits due to employees £'000	Dilapidations £'000	Total £'000
At 1 January 2010	244	2,058	329	2,631
Charged/(credited) to the statement of comprehensive income				
– Additional provision	50	560	88	698
– Released during the year	(32)	–	–	(32)
Utilised during the year	(113)	(934)	(16)	(1,063)
At 31 December 2010	149	1,684	401	2,234

Analysis of total provisions:	2011 £'000	2010 £'000
Non-current	554	2,093
Current	1,960	141
	2,514	2,234

a. Long-term benefits due to employees

Provisions for long-term benefits to employees comprise £199,000 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 potential 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 seven 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.

28. Notes to the cash flow statement

Cash (used in)/generated from operations

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
(Loss)/profit for the year after tax	(149)	1,394	(270)	(139)
Adjustments for:				
– Taxation	386	(455)	(57)	(314)
– Finance costs/(credit)	103	103	(70)	(61)
– Depreciation	398	451	–	–
– Amortisation of intangible assets	39	46	–	–
– Loss on sale of property, plant and equipment	–	6	–	–
– Foreign currency translation	(37)	21	5	7
– Increase/(decrease) in provisions	280	(397)	–	–
– Movement in share option charge	72	86	–	(1)
– Movement in retirement benefit obligation	(846)	(372)	(49)	(12)
– Decrease in non-current other receivables	–	288	–	–
– Dividends received	–	–	–	(350)
Changes in working capital (excluding the effects of exchange differences on consolidation):				
– (Increase)/decrease in trade and other receivables	(1,691)	(825)	(1,585)	403
– (Decrease)/increase in trade and other payables	(462)	(51)	1,192	1,115
Cash (used in)/generated from operations	(1,907)	295	(834)	648

29. Reconciliation of movement in net funds

	As at 1 January 2011 £'000	Cash flow £'000	As at 31 December 2011 £'000
Cash and cash equivalents	2,323	(1,264)	1,059
Bank overdrafts	(1,091)	(977)	(2,068)
	1,232	(2,241)	(1,009)
Invoice finance	(626)	(397)	(1,023)
Net funds/(debt)	606	(2,638)	(2,032)

Notes to the consolidated financial statements

Continued

30. Financial assets and liabilities

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

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Assets				
Available-for-sale financial assets	300	300	300	300
Trade and other receivables	12,054	10,281	10,133	8,549
Cash and cash equivalents	1,059	2,323	1	55
	13,413	12,904	10,434	8,904
	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Liabilities				
Retirement benefit obligations	2,376	3,222	286	335
Provisions	2,514	2,234	–	–
Trade and other payables	8,190	8,580	4,451	3,260
Borrowings	3,091	1,717	1,917	997
	16,171	15,753	6,654	4,592

31. Commitments

Operating lease commitments

At 31 December 2011 the Group has lease agreements in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years.

	2011		2010	
	Property £'000	Vehicles and equipment £'000	Property £'000	Vehicles and equipment £'000
Commitments under non-cancellable operating leases due:				
Within one year	867	589	1,372	529
Within two to five years	2,008	1,047	3,505	523
After five years	127	–	1,589	–
	3,002	1,636	6,466	1,052

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 £111,000 (2010: 254,000).

32. 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 2011 no material unprovided contingent liabilities existed (2010: £nil).

33. Acquisition

On 7 March 2011, Christie & Co (Holdings) Limited, a wholly owned subsidiary of Christie Group plc, acquired a 90% shareholding in the ordinary shares of Christie & Co FZ-LLC, a newly incorporated company registered with The Dubai Technology and Media Free Zone Authority, for a consideration of 54,000 AED.

34. 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. This information is included in the Director's remuneration report on page 35, along with details on 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:

	2011 £'000	2010 £'000
Directors remuneration per Directors report	1,229	1,448
Employers NI	155	160
Total remuneration	1,384	1,608

	2011 £'000	2010 £'000
Dividends paid to Directors	145	–

Company

Transactions with Group undertakings:

	2011 £'000	2010 £'000
Dividends received from subsidiaries	–	350
Provision of services	3,524	3,099
Purchase of services	878	585

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 18, 21 and 25. See Note 18 for provisions against amounts due from group undertakings.

During the year the company loaned £660,000 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. The loan is expected to be repaid in full during 2012 and is non-interest bearing.

Five-year record

Consolidated statements of comprehensive income

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Revenue	53,290	48,905	47,067	63,422	87,372
Operating profit/(loss) before exceptional items	745	1,042	(3,654)	(2,674)	7,001
Exceptional items	(405)	–	–	(1,964)	–
Finance (costs)/credit	(103)	(103)	(47)	65	214
Profit/(loss) on ordinary activities before tax	237	939	(3,701)	(4,573)	7,215
Taxation	(386)	455	1,752	1,173	(2,567)
(Loss)/profit on ordinary activities after tax	(149)	1,394	(1,949)	(3,400)	4,648
Non-Controlling interest	35	–	–	–	–
(Loss)/profit attributable to equity holders of the parent	(114)	1,394	(1,949)	(3,400)	4,648
Earnings per share					
– basic	(0.46p)	5.64p	(8.30p)	(13.88p)	19.12p
– basic before exceptional finance credit (net of tax)	(0.46p)	5.62p	(8.30p)	(13.88p)	19.12p
Dividends per ordinary share (payable in respect of the year)	0.50p	1.00p	0.00p	0.50p	4.25p

The 2009 and 2008 results shown above are for continuing operations only.

Consolidated statement of financial position

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Non-current assets	6,005	6,415	6,457	5,951	14,499
Current assets	12,282	11,794	12,061	12,430	24,245
Non-current liabilities	(554)	(2,093)	(1,720)	(1,751)	(432)
Current liabilities	(13,241)	(10,438)	(12,236)	(10,554)	(16,730)
	4,492	5,678	4,562	6,076	21,582
Non-current borrowings	–	–	–	–	(1,275)
Retirement benefit obligations	(2,376)	(3,222)	(3,594)	(3,225)	(4,343)
Net assets	2,116	2,456	968	2,851	15,964

Shareholder information

Company information

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

Financial calendar

Annual General Meeting

Whitefriars House 6 Carmelite Street London EC4Y 0BS	Wednesday 13 June 2012 at 10.30am
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Announcements

Half-year results for 2012	September 2012
Preliminary full-year results for 2012	April 2013

Final dividend 2011

Ex-dividend	30 May 2012
Record date	1 June 2012
Payment date	2 July 2012

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 Registrars
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 8:30am to 5:30pm Mon – Fri) from the UK and
+44 (0) 20 8639 3399 from overseas.

shareholder.services@capitaregistrars.com

Shareholders who receive duplicate sets of company mailings because they have multiple accounts should write to Capita Registrars 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 communication 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 Registrars 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 shareholder.services@capitaregistrars.com

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/donorinformation

Shareholder information

Continued

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 FSA before getting involved. You can check at: www.fsa.gov.uk/fsaregister
- Report the matter to the FSA by calling 0845 606 1234.
- 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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