



THE DIGITAL RENAISSANCE

Creating business service opportunities

Annual Report 2013

...with the digital revolution

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

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

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

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

Professional Business Services

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

Stock & Inventory Systems & Services

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

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Our brands

Christie+Co
BUSINESS INTELLIGENCE



ORRIDGE
the Company that Counts

VENNERS
Excellence in Audit

 **VENNERSYS**
Ticketing • EPoS • Online

Professional Business Services

Christie + Co

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

www.christie.com www.christiecorporate.com

Christie Finance

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

www.christiefinance.com

Christie Insurance

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

www.christieinsurance.com

Pinders

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

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

Stock & Inventory Systems & Services

Orridge

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

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

Venners

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

www.venners.co.uk

Vennersys

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

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

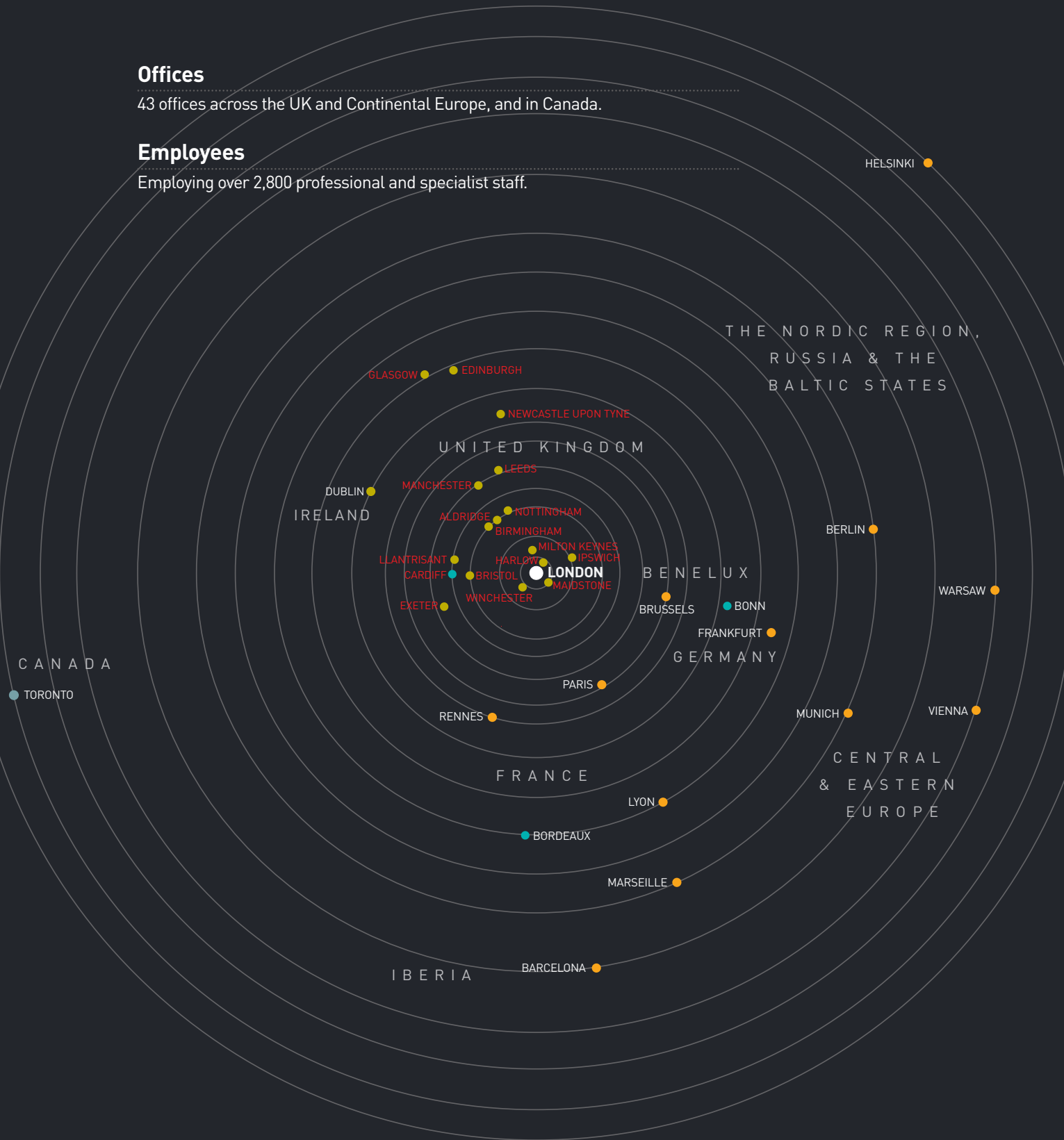
Where we are

Offices

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

Employees

Employing over 2,800 professional and specialist staff.



Highlights of the year

- Revenue for the year of £54.2m (2012: £56.1m)
- Revenue in the second half of £28.5m, an 11% increase on first half revenue (£25.7m)
- Second half operating profit before exceptional items of £1.8m (2012: £0.2m)
- Full year operating profit before exceptional items of £1.6m (2012: £1.4m)
- Earnings per share increased to 0.82p (2012: loss of 0.33p)
- Increased final dividend proposed of 1.0p (2012: 0.5p per share)
- 2014 began with strong pipeline of future projects
- New Christie + Co offices opened in Cardiff and Bordeaux
- Christie + Co awarded 'UK's most active agent' in the Leisure and Hotels category by the Estates Gazette for the fourth year in a row
- Orridge expands further in mainland Europe through the acquisition of its German franchisee
- Christie Group recognised by the London Stock Exchange as one of '1,000 companies to Inspire Britain'

Chairman's statement

“I am pleased to report our second consecutive increase in full year operating profit from continuing operations and before exceptional items of £1.6m (2012: £1.4m), a 12% increase on the previous year.”

Our second half performance was encouraging, with a strong second half operating profit of £1.8m.

A full year normalised operating profit of £1.6m represents an improved 2.9% operating profit return (2012: 2.5%) from continuing operations, derived from revenue of £54.2m (2012: £56.1m). Our second half revenue from continuing operations was £28.5m (2012: £25.9m), in contrast to £25.7m (2012: £30.2m) in the six months to June. As we reported in September, we incurred exceptional costs in the first half of £0.4m (2012: £nil), providing us with a more efficient business for the remainder of 2013 and beyond.

In November, this progress and dynamism were recognised when Christie Group were named as one of “1,000 companies to Inspire Britain” in a report compiled for the London Stock Exchange. This is a pleasing endorsement of our achievements.

Stock & Inventory Systems & Services

After a start to the year which had seen first half revenue contract year-on-year, we saw a strong recovery in the second half resulting in full year revenue of £25.9m, a 1% increase on the previous year (2012: £25.7m). Improvements in productivity and efficiency resulted in an impressive 49% improvement in operating profit to £1.1m (2012: £0.7m).

Orridge, our retail stocktaking operation, continued its progress in the UK and Europe, winning new business which included Morrisons, Claire's Accessories and Guess.

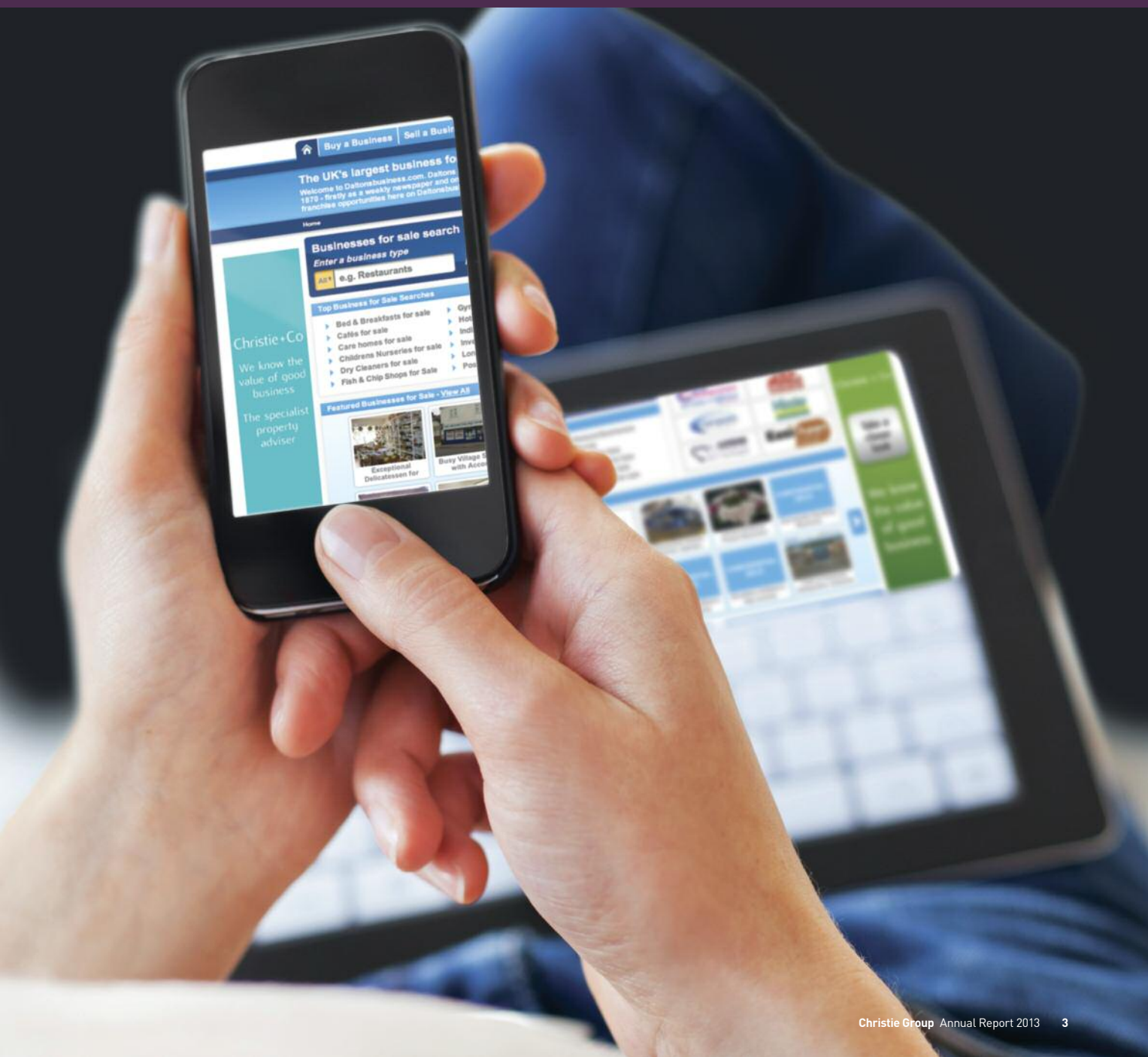
On 1 September, we acquired a 75% shareholding in our German stocktaking franchisee, now operating as Orridge Inventory Services. We are already encouraged by commitments from new clients for additional business later in 2014.

Our hospitality stocktaking business Venners, operating in both the UK and Europe, continued its organic growth, illustrated by a 9% increase in the number of assignments undertaken year-on-year. This success continues to be founded on a market-leading offering across a range of services, enabling us to win new clients in the year such as Arena Leisure, Bowlplex, Merlin Inns, Lindley Catering and Silverstone. After opening our first branch outside the UK, our work in Ireland continues to expand in what is proving a fruitful territory for us.



“With a strategy and platform for growth, we are well placed for the future.”

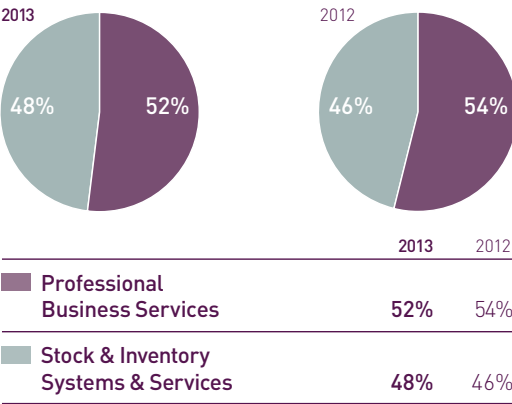
“1,000 companies to Inspire Britain”: With a strategy and platform for growth in our established areas of expertise, an increase in contracted work and mandated assignments and minimal gearing, we are well placed for the future. In November, this progress and dynamism were recognised when Christie Group were named as one of “1,000 companies to Inspire Britain” in a report compiled for the London Stock Exchange. This is a pleasing endorsement of our achievements.



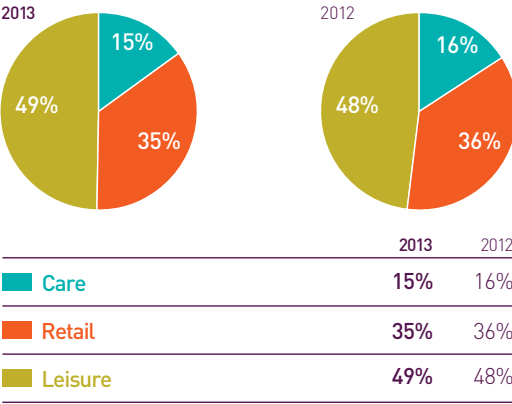
“Orridge, our retail stocktaking operation, continued its progress in the UK and Europe.”



REVENUE BY DIVISION



REVENUE BY SECTOR



Professional Business Services

We adopted a new regional structure for our transactional business last April. This has proved effective in making specialist staff available across all regions of the UK as well as centrally. Our pipelines of deals in progress finished the year over 20% stronger than a year ago, providing us with encouragement as to the volume of transactions we can look forward to completing in 2014.

Throughout 2013 we were able to demonstrate our ability to successfully complete the disposal of prime assets for prices exceeding expectations, such as the Menzies Hotels portfolio, The Metropolitan by COMO hotel on Old Park Lane and the disposal of six high value pubs, including five freeholds, on behalf of Convivial London Pubs. Each of these were reported as a recent sales instruction in my Interim statement. The speed with which Christie + Co completed the Convivial disposals highlighted the demand for freehold pubs, particularly in London.

Similarly, our corporate teams went into 2014 with more signed mandates than ever before, which bodes well for M&A completions this year.

In Europe, we find the market for privately owned businesses in France subdued because of the uncertainty regarding the Capital Gains Tax charges there. Conversely there appears renewed interest in other Mediterranean countries where asset prices remain at attractive levels.

For the fourth year in succession, Christie + Co has been judged the UK’s most active agent in the Leisure and Hotels category by the Estates Gazette.

At this time, potentially 19,000 bank swaps mis selling cases have been identified, of which half have so far been investigated. Our expectation is of a pick-up in re-banking applications through Christie Finance following the banks’ payments of compensation. This will, in turn, trigger an increase in bank-led valuation instructions.

“Our corporate teams went into 2014 with more signed mandates than ever before, which bodes well for M&A completions this year.”



In our first full year following the acquisition in 2012 of pharmacy specialist Orridge Business Sales, we achieved the sale of pharmacy businesses at the rate of one per week. Orridge Business Sales is now fully integrated into Christie + Co.

Outlook

The year started well in the UK for revenue generation where we currently enjoy a cost base lower than the corresponding period last year. The continental recovery lags behind the UK and is uneven but we are seeing encouraging signs in the Germanic region and parts of the Mediterranean, most notably Spain.

With a strategy and platform for growth in our established areas of expertise, an increase in contracted work and mandated assignments and minimal gearing, we are well placed for the future.

I would like to thank all of my colleagues who worked for our Group companies last year for their energy and expertise, applied for the benefit of our clients.

Your board recommend an increased final dividend of 1.0p per share (2012: 0.5p) for the year in addition to the 0.5p per share (2012: 0.5p) interim dividend. If approved, the dividend will be paid on 4 July 2014 to those shareholders on the register on 6 June 2014.

Philip Gwyn
Chairman
28 March 2014

Chief Executive's review

“Christie Group today is more focused, flexible and resilient than ever.”

After a challenging first half the Group performed well in the second half of the year. We have increased profitability and enhanced the flexibility of our business.

An agile, resilient organisation

Christie Group's ability to adapt has been central to our continuing prosperity. Our Group has faced challenging market environments every year since 2008. And every year, we have demonstrated our ability to rise to each new challenge. Through our innovative responses we have forged an agile organisation.

In 2013, there were, finally, clear signs that the UK is back on a path to growth. We have the capabilities and the resources to take advantage of improving economic conditions. With positive sentiment flowing back into the economy, we are well placed to benefit.

Our own performance mirrored the economic environment. The year began slowly, but our business gathered momentum in the second half of the year. We entered 2014 with a strong pipeline of future projects.

Our business structure has always served us well. Revenue is split evenly between transaction-related services and services that enhance operational efficiency. Professional Businesses Services (PBS) profitability is more reliant on market conditions. This is complemented by the relatively stable earnings generated by our Stock & Inventory Systems and Services (SISS) businesses. It makes for a balanced, broadly based organisation with proven defensive qualities.

Adapting to changing market conditions

Christie Group provides specialist, in-depth, business intelligence in the retail, care and leisure sectors. Our services relate to the entire lifecycle of a business – from initial acquisition, through day-to-day operations, all the way to an eventual sale.

Our ability to bring experience and expertise to bear on particular business issues has long been a defining characteristic for the Group. Christie companies are renowned for their in-depth expertise.

We make it our mission to deliver the highest level of service to each and every customer. We continue to look closely at ways to improve and adapt our operations.

Technology continues to shift market topologies. As information becomes increasingly commoditised there is a growing understanding that it is depth not



“Our consultancy services that leverage our sector-specific expertise are growing our corporate client base.”

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“Focused on excellence of service delivery, our stocktaking (SISS) division recorded a 49% profit increase”



breadth of expertise that is the major market differentiator. Our customers want detailed, highly specific advice. This plays to our strengths.

Restructuring UK operations

So that we can continue to serve our customers we continue to pay close attention to our cost base. Having streamlined our stocktaking businesses in 2012, we focused in 2013 on our Professional Business Services division. In particular, we took a strategic decision to regionalise Christie & Co's UK operations. Its fourteen offices are now managed from London and five regions.

This restructuring reduced costs and improved the scalability of the business. We incurred some one-off costs from this in the first half of the year, but by the second half, profitability was much improved. The Group also benefitted from the increased momentum in the economy as the year progressed.

Removing boundaries

The decision to regionalise Christie & Co is part of a broader-based initiative to remove boundaries internally. By developing boundary-less operations supported by technology we are improving service provision. Our people are encouraged to share knowledge and assignments across territories and between businesses. By sharing resources we are able to field relevant professionals and respond to customers' specific requirements more directly.

Operating in the digital space

At Group level, we are investing in high quality systems to support information exchange. We adopt technologies that improve operational flexibility. As part of this process we are working to locate the Group's intellectual property centrally and make it accessible to those in the field.

Developing and adopting common standards across the Group has had numerous benefits. Codifying many of our core activities has helped us to clarify business objectives and the resources we need to deliver them effectively. It is making it easier to develop partnerships and work with franchisees.

The work is also revealing new sources of revenue. We are developing new types of service that extract valuable information from this centralised data.

For instance, anonymised and aggregated data from our valuation business is helping banking clients assess their credit risk to specific kinds of business. By benchmarking the profitability of a sector or business type they are better able to anticipate borrowers' revenue patterns.

Consultancy services

Consultancy services that leverage our sector-specific expertise are becoming more important, especially for our growing list of corporate clients.

Our expertise is widely acknowledged. In a recent portfolio sale, eleven of the twelve private equity bidders asked us to act for them. It is indicative of the way the Group is perceived in the professional market.

We advise private equity houses on the dynamics of specific categories of business within their debt and asset portfolios. We help property investors to appreciate the likely earnings streams of their commercial tenants. Our advice is informing their strategic and portfolio management decisions.

International operations

It takes time to establish operations capable of delivering the high level of service that is our hallmark. Internationally, our approach has been to grow scale cautiously in line with increasing demand.

This year we extended our footprint in France with an additional office in Bordeaux.

In September, our stocktaking business Orridge took control of its German franchisee. This acquisition gives us direct access to territories within the German sphere of influence, including Switzerland, Italy, Croatia, Montenegro, Poland and CEE nations. With our strong footprint in France, Spain and the Benelux region we are now well placed to deliver a comprehensive service to pan-European retailers.

“In the second half, PBS rapidly gained momentum. It ended 2013 with a good pipeline of future deals.”



Financial flexibility

Our supportive shareholder base is a key strength for the business. It allows us to operate with a high degree of flexibility. We funded the German acquisition through a share placement amounting to 5 per cent of the equity. This is the first extension in our capital base for 25 years and it was heartening to discover the level of investor support for the business. This placement crystallised the fact that there is significant untapped demand for larger tranches of Christie equity than normally available.

Professional Business Services

The slowdown at the end of 2012 continued into 2013 and led to tough trading conditions for Professional Business Services during the first half of the year. We took this opportunity to reorganise the business along regional lines. In the second half, PBS rapidly gained momentum. It ended 2013 strongly with a good pipeline of future deals.

Our newly created Medical Sector division performed strongly. Christie & Co managed 55 pharmacy sales during the year. It was easily the most active participant in the UK market.

The return of entrepreneurial owner/operator was a feature of the year under review. Private investors have held back from buying businesses in previous years, but there is now a perception that there is good value to be found. The market was bolstered by positive equity as a strong recovery in the housing market took hold.

As the swaps compensation scheme gathers pace, there will be numerous owners of businesses who had been struggling to meet their obligations who may now take the opportunity to sell their companies. Fortunately there is now sufficient pent-up demand to absorb this additional supply. The result may well be that volumes increase without falling valuations. This is likely to benefit our businesses in 2014.

It may well be that in years to come investors will look back with fondness on the current period. The combination of low interest rates, availability, relatively low prices and sensible valuation makes this a very attractive time to invest in a business.

Stock & Inventory Systems & Services

Our stocktaking and auditing businesses performed steadily delivering stable earnings across the year. Both businesses continue to focus on service excellence and close control of costs.

Orridge continues to build on its status as the UK's premier stocktaking provider in retail and pharmacy sectors. It is gaining traction with UK supermarkets and extending its European footprint. Venners produced another strong set of results, with earnings growth led by strong performance of its stock audit function.

Looking ahead

We increased our profitability in 2013 and are focused on profitable growth. We have made a good start, with a strong pipeline of business at the end of the year.

Christie Group today is more focused, flexible and resilient than ever. We have grown our ability to operate internationally and at scale. Our expertise and operational capabilities are recognised in an increasingly professionalised market.

We have made continued progress towards achieving our strategic goal of rebuilding profits to the levels seen before the credit crunch. We enter 2014 as a fitter organisation, more attuned to the changing needs of today's markets.

The economic picture appears to be improving, but whatever the prospects, with our strong track record, extensive and growing client list, and more flexible business model, we can face the future with confidence.

A handwritten signature in black ink that reads 'David Rugg'.

David Rugg
Chief Executive
28 March 2014



Connecting with each customer

Building digital bridges

We've always tailored our services to customers. With online metrics we can find out what they need even more effectively. On social media platforms, like Twitter and LinkedIn, we're engaging with topical concerns. Online marketing is extending our reach. We're identifying potential customers online, devising targeted offerings and linking them back to our websites.



In-depth knowledge on the ground

Practical solutions for real business problems

Much of what Christie companies offer comes first from the coalface. We accumulate a wealth of specialist knowledge in the field. In a major initiative across the Group, we are using technology to capture and systematise all that expertise centrally so we can make it available more readily to our people on the ground.

Digital transformation...

We're in the third stage of the digital revolution. Communities have already absorbed and embraced digital technologies. They are now transforming their behaviour. Today's individuals are informed, interconnected and always online. In digital markets, they are buying new kinds of service, from different places and in novel ways. We embrace innovative technologies and we're adapting our services accordingly.

Flexibility and scalability

Reducing costs and improving responsiveness

Our customers determine who we are and what we can do. We've adopted technologies that enhance business flexibility and scalability. We're reallocating resources to lower fixed costs and focus more on customer service and income generation. It's reducing costs, but even more importantly, it's helping us become a more responsive, agile business.



Bringing on the new generation

Blending energy and experience

Our top people are veterans in their sectors. They bring years of experience to the table. They know what it takes to perform in any economic climate. But in digital markets new challenges are continually emerging and younger heads can sometimes be wiser. Christie Group teams blend youthful energy with wisdom and experience. Today's leaders are schooling – and learning from – tomorrow's top managers.



Depth and breadth of experience

Strength in depth in the retail, leisure and care sectors

When information is ubiquitous it isn't so much what you know, what matters most is context. We're sector specialists and our customers rely on us for in-depth, market knowledge. Because we understand our markets so well we can offer detailed, relevant advice and solve practical problems with well-designed products. Our service is informed, in-depth and indispensable.



Boundary-less operations

Using technology to deliver joined-up service

The scope of our activities gives us more rounded insights into the dynamics of particular businesses and sectors. Whether they are looking to improve, develop, invest in, acquire or dispose of their business we place clients at the centre. We've organised our own businesses to get them the best access to the most capable teams. Our guiding principle is to give customers the support they need, where they need it, wherever they are in the business cycle.



The Gay Hussar

CASE STUDY: **Christie + Co**

One of London most iconic restaurants, long favoured by the political left, was put to market by Christie + Co late in 2013. The Gay Hussar restaurant has provided the finest Hungarian cuisine and wines since 1953. Welsh firebrand MP Aneurin Bevan was an early devotee. Christie + Co's marketing ensured prominent coverage on radio and in the national press, resulting in dozens of enquiries within 24 hours and a sale by the end of the year.



Health and Safety Alerts

CASE STUDY: **Venners**

With the widespread take-up of online apps giving scores on the doors and user reviews, customers are better informed and more discerning. Restaurants, pubs and hotels want a more proactive service. Venners' Health and Safety Alerts combine H&S and stocktaking in a single, cost-effective package. Key areas such as fire, food, and health and safety compliance are monitored continually throughout the year during stocktaking visits. Clients can protect their business reputation affordably and without disruption.



...creating business service opportunities

Foxburrow Grange, Colchester

CASE STUDY: **Pinders**

This 66-bed specialist nursing and dementia care home is equipped to hotel standards and benefits from landscaped gardens with sensory planting. Pinders was responsible for all project management services: overseeing the tendering process, appointing contractors and providing assistance with CQC registration.



Go Outdoors

CASE STUDY: **Orridge**

GO Outdoors is bringing the great outdoors inside. It offers equipment for camping, walking, cycling and fishing as well as adventure sports like skiing, mountaineering and kayaking – all under one roof. With 45 Superstores across the UK, it is the UK's Biggest Outdoor Retailer. This dynamic company, which had previously used two stocktaking companies, has now outsourced all its stocktaking to Orridge, citing its meticulous approach, client attention and cost-effectiveness.



Metropolitan by COMO Hotel

CASE STUDY: **Christie + Co**

There was strong interest when Canada Life commissioned Christie + Co to manage the sale of its freehold investment in the majority of The Metropolitan by COMO hotel. This kind of marquee freehold property is rarely available to the market. We negotiated the sale to an investor for well in excess of the £40 million asking price within a month. A prime piece of London real estate, the hotel abuts Park Lane and Piccadilly and houses the Colony Club Casino and Nobu Restaurant.

Pubs n' Bars UK

CASE STUDY: **Christie + Co**

Distress disposals continue to feature prominently in the pub sector. In 2013, administrators Grant Thornton approached Christie + Co to manage the disposal of 31 Pubs n' Bars sites, a mixture of freeholds with vacant possession, long leaseholds, tenanted investment opportunities and managed houses. Thirteen were in London, others spread around the country, in places like Loughborough, Brighton and the Rhondda. Christie + Co had deals agreed on every one of them by the end of the year.



Manor Farm House Care Home

CASE STUDY: **Christie Finance**

In one of many instances of cross-company collaboration this year, Christie Finance helped a first-time buyer in the purchase of Manor Farm House Care Home. Pinders valued the business and Christie + Co handled the sale. Christie Finance was able to arrange the funding on our client's behalf utilising the Funding for Lending scheme. We negotiated 15-year debt on a 67 per cent loan-to-value deal, a remarkable transaction for a first-time buyer. It's indicative of our role in helping to redefine market norms.



Taking care of business

CASE STUDY: **Christie Insurance**

Christie Insurance has a significant portfolio of clients in the care sector. There is an ongoing requirement for minibuses to meet service users transport requirements. Recognising this, the company negotiated access to a specialist minibus insurance scheme underwritten by QBE Insurance Group. We are now providing this cost-effective insurance solution for our clients. The largest fleet insured to date consists of 44 vehicles.

Blenheim Palace

CASE STUDY: **Vennersys**

The 18th-century country house Blenheim Palace hosts events from triathlons to jousting in its 200-acre grounds. They already used VENPoS for admissions and retail sales. To support innovation and deliver an even better customer experience, they asked us to implement a fully integrated e-commerce system, encompassing fast-track entry to events, multi-channel marketing and portable computing. Working collaboratively, we developed VENPoS Online – giving Blenheim Palace a competitive edge and strengthening the capability of our own VENPoS tool.



Christie + Co Christie + Co acts regionally, nationally and internationally and is an effective strategic partner in acquisitive and restructuring programmes. We aim to be market leaders in the retail, hospitality, leisure and care sectors by offering a full range of agency and advisory services to all our clients. We maximise cross-selling opportunities by integrating technology with high-quality market intelligence.

Divisional review

Professional Business Services

The story of 2013 was one of growing momentum. Christie + Co performed creditably in difficult economic conditions.

The year began slowly and this, coupled with one-off restructuring costs in the second quarter, contributed to a subdued first half performance. However, Q3 profitability was much improved and by the end of the year fee income was growing rapidly. We exited 2013 with a strong pipeline of future business.

In April, we decided to restructure the business and reduce our cost base. We also took this opportunity to regionalise our operations. Our fourteen UK offices are now led from London and five regions. This has generated significant bottom-line improvements; more importantly, it is bringing our sector specialist expertise closer to customers.

Market liquidity is being helped by a noticeable upturn in the number of first-time and lifestyle business buyers. These kinds of transactions remain important for us, but increasingly we are working closely with the corporate sector. We advised banks on debt restructuring disposals. We conducted vendor due diligence for leading hedge funds and private equity houses.

We won the EGi UK deals award in the leisure and hotels category for the fourth year running and also scooped all but two of the regional awards, underlining our pre-eminence in this sector. The fast-track sale of the Menzies Hotels portfolio to The Topland Group for more than the £80 million asking price was just one of a number of successful transactions in this complex marketplace this year.

In the pub sector, we had agreed deals on almost all of the 103 Bramwell Pub Company leasehold interests within a fortnight of our appointment by administrators Zolfo Cooper. For Convivial Pub company, our sale of six marquee London freehold pubs achieved well above the £16.9 million guide price.

Our acquisition of Orridge Business Sales in 2012 made us the UK's leading specialist pharmacy advisor and a market leader in the medical sector. This year, we focused on building on our advisory and valuation experience in the dentistry market and developing a consultancy and full services proposition.

Christie + Co returned to Wales after more than two decades. The new Cardiff office will service the increasing demand for specialist property consultancy in the principality.

International markets were mixed as the recession continues to bite in Europe. We enjoyed some important successes in Germany. A change in tax legislation led to a precipitous drop in French sales and Spain continues to be challenging. Overall, though, realistic opportunities are emerging across the continent.

We continue to connect with clients through our digital presence. Our online advertising drives users to our websites. These have been updated to improve the customer experience and search engine rankings. During 2013 our web traffic hit the one million mark.

While the recovery is slow, the outlook is positive. We continue to innovate, and to attract and develop talented people. Our expertise and track record of best-in-class deal-making ensure we're well placed to meet the needs of clients in the new commercial landscape.

Queens Portfolio, Germany Christie + Co's established operations in Frankfurt, Munich and Berlin are benefitting from the continuing strength of the German hotel sector. On exclusive instruction Christie + Co sold a portfolio of twenty branded hotels in Germany to the Israeli hotel company Fattal Hotels and an international investor consortium. The portfolio comprises approximately 3,600 rooms and offers a profitable trading profile with good prospects for further growth.

“Market liquidity is being helped by a noticeable upturn in the number of first-time and lifestyle business buyers and increasingly we are working closely with the corporate sector.”

Chris Day

Managing Director, Christie + Co
and a Christie Group Director



Christie Finance Christie Finance achieves market-leading finance packages for our clients through detailed understanding of our specialist sectors. We work closely with Christie Group companies to identify financing requirements and piece together detailed financing proposals, often backed by intergroup valuations, which are widely considered to be the best in the market. We charge client fees for a premium service and restrict our reliance on bank commissions.

Christie Insurance Christie Insurance focuses on the same sectors as Christie + Co. Through our strong relationships with insurers we are ideally placed to assist Christie + Co and Christie Finance clients seeking a highly personalised and added-value service to obtain insurance cover across our sectors.

Divisional review

Professional Business Services

Christie Finance

In 2013, Christie Finance restructured its broker team into five regional hubs, covering London, Bristol, Birmingham, Leeds and Glasgow. Our primary aim was to create a more cohesive group and provide more opportunities to share expertise and best practice. Our reputation for putting together comprehensive and compelling funding propositions is built on this knowledge, and is a decisive factor for clients in choosing to use our services.

Towards the end of 2013 we added a sixth hub. This has a UK-wide remit and focuses on the medical sector. Arranging finance in this sector calls for specialist knowledge. These clients have specific requirements on issues ranging from commercial mortgages to invoice discounting and factoring. We have quickly built up a strong pipeline of business. Our diverse client list runs the gamut – from sole practitioners to multi-site dental businesses.

Private and regional operators continue to form the core of our business. However, as Christie + Co increasingly acts for larger corporates, Christie Finance is increasingly engaging with private equity companies and negotiating debt and equity structures in the larger corporate hotel sector.

Christie Finance has been successfully engaging with UK challenger banks looking to build market share in our specialist sectors.

We continue to take advantage of all available funding avenues. In 2013, we completed transactions by securing funding backed by initiatives such as the Enterprise Finance Guarantee Scheme (EFGS) and the Funding for Lending Scheme (FLS). We are encouraged by the announcement of the Bank of England in November that from 2014 FLS will focus entirely on lending to businesses.

Christie Insurance

Our new decentralised operation saw our support centre relocated to South Wales early in 2013. This reduced our cost base with no impact on the quality of service received by the customer. Indeed, customer satisfaction and client retention remain high.

Through this centre – managed from our London office – we benefit from sector knowledge, skills and tenacity to place business quickly and efficiently. This was demonstrated by the successful placing of cover for a group of seven hotels within a week. In another case, a reduction in premium and wider policy cover was secured for a client who had been quoted a 77 per cent increase on existing terms.

Generally, underwriting capacity in the care sector has contracted this year. Some insurers, most notably Ecclesiastical Insurance Company, have withdrawn from the market because of the increasing frequency and severity of claims. We had foreseen this outcome. As a result of restricting placements to insurers and the demonstration of long-term commitment, we experience a limited impact on our business.

We are now benefitting from Christie + Co clients being approached earlier in the sales process. As a consequence, the conversion of referrals into preferred advisor appointments has increased.

In the coming year we will continue to build our sector knowledge, which has consistently been shown to be a key factor in achieving success. We will also identify where services and products can be more effectively cross-sold, such as through the development of a motor fleet proposition for clients in the care and hotel sectors.

The Cliff Hotel & Spa Christie + Co marketed The Cliff Hotel & Spa in 2013 and Pinders valued the assets. Situated on the West Wales coast the complex boasts a health spa, a nine-hole golf course and three beaches, all set in 25 acres of grounds. The purchaser, the owner of the neighbouring hotel, has plans to develop the space for the wedding trade. Christie Finance negotiated £2.8 million debt finance package, equivalent to 67 percent of the underlying business.

“Our reputation for putting together compelling funding propositions is a decisive factor for clients in choosing to use our services.”

Nick Baker
Director, Christie Finance



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

Divisional review

Professional Business Services

The productivity improvements identified and initiated in 2012 have benefited Pinders this year. We generated additional revenue while reducing our cost base and this resulted in a return to profitability by the second half of 2013. The volume of appraisal and valuation reports increased and overall fee income was significantly higher than in 2012.

Highlights included a strong performance in the Retail and Catering division, which saw an 11 per cent increase in fee income, and an 11 per cent rise in instructions handled by the Healthcare and Education division.

Pinders maintains a high profile in healthcare and promotes best practice through the prestigious Healthcare Design Awards, which recognise outstanding, care-related developments. The 2013 event again attracted leading sponsors and was attended by over 500 people from across the sector.

In terms of referrals, bank lenders are increasingly seeking high quality valuers that can respond at a national level. Pinders' ability to provide consistent, reliable service contributed to an 18 per cent rise in fee income from banks this year.

We are well represented on banking panels and continue to attract good volumes of business from all the major bank lenders. In 2013, we extended our panel agreement with Barclays and its referral instructions to us more than doubled.

Whilst the broking community remains a very important source of business, instructions from brokers now account for less than 20 per cent of total volume with a correspondingly higher proportion of instructions from lenders.

In 2013, monthly operational costs were £25,000 lower than in 2012. This was achieved without affecting front-line capabilities. We have rationalised Head Office resources and increased our use of technology. As a result, 70 per cent of our people were operating in a fee earning capacity this year, the highest proportion for a decade.

We continue to refine and improve our bespoke report production and are investing in automation to improve service quality and reduce turnaround time.

Pinders has responded to challenging economic circumstances by sharpening our operational efficiency and attuning our service to changing patterns of demand. These efforts were rewarded with tangible performance improvements as the year progressed. We ended 2013 on a positive note, with the strongest pipeline of future business since 2008.

.....
An unmissable event in the healthcare sector; the Pinders Healthcare Design Awards has been raising money for charitable causes for over a decade



Financial health checks: The £5.7 million Windrush Health Centre at the Witney Hospital complex combines several GP practices on a single site. The lender agreed to finance this new-build project after a business valuation from Pinders, which was informed by our in-depth knowledge of the white coat sector. They then engaged us to provide project monitoring services. Our involvement here allowed the bank to control overall exposure and release funding tranches at the right time. The success of this project has led to further collaborations at other locations.

“We generated additional revenue while reducing our cost base and this resulted in a return to profitability in 2013.”

Justin Cain
Managing Director, Pinders



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

Divisional review

Stock & Inventory Systems & Services

Orridge is a leading stocktaking company in the UK with strong international coverage. Our offices in Brussels and Bonn coordinate our European business. In the UK we target the retail and pharmacy sectors. We conduct stocktaking services for supermarket chains and undertake counts in warehouses and distribution centres. Our services assist companies in realising large-scale supply chain efficiencies.

Historically, the cyclical nature of our business has tended to result in better performance in the first half than in the second half of the year. It is a measure of the progress we are making that in 2013 Orridge's performance remained strong throughout the year.

Our focus on service excellence informs our approach to delivery. Our clients appreciate the combination of speed, accuracy and flexibility we bring to the stocktaking process. They get detailed, relevant reporting with minimal disruption.

Retail stocktaking activity grew significantly. Morrisons, Claire's Accessories, and LK Bennett were among a number of high-profile client additions. We welcomed menswear retailer Greenwoods, and clothing and accessories specialist Guess, as new clients. We have a strong portfolio of multi-site retailers – Wickes, Calvin Klein, Poundland, Swarovski to name a few – who recognise the value of outsourcing their stocktaking services to Orridge.

Ancillary services are making an increasingly important contribution to overall profitability. We are extending our services to provide a complete supply chain service. We provide on-shelf availability management information and a range of other stocktaking services that improve management planning.

Our European business took a major step forward in September 2013 with the acquisition of our German franchise. This extends our client base in Europe. The German business has a strong pipeline of future deals, including the largest number of trials of any part of the Orridge Group.

The European market is worth an estimated £1 billion. This includes significant untapped demand from pan-European retailers for a Europe-wide stocktaking service. With operations in Brussels and now German-speaking countries too we are well placed to deliver this.

Our in-house IT department has been adapting our proprietary software for use by employees in the field. We have standardised our systems to simplify multiple language applications and already have French and German language portals. With the enabling technology in place, we are actively pursuing strategic acquisitions and franchise opportunities in other European centres.

Orridge has built much of its success on the innovative use of technology. Our technology has allowed us to develop seamless operational solutions.

As the business grows we are promoting from within and attracting professionals with specialist skills at all levels. We have a coherent succession plan in place to ensure we retain a strong senior management team.

Our target markets are expanding both in the UK and in Europe. The increasing emphasis on real-time metrics in all areas of business can only help us. In a market that remains extremely price-sensitive, we are adding value through a combination of expertise, service excellence and innovation.

Whittard of Chelsea has been a favoured destination for fine coffee roasts and specialist tea blends since Victorian times. Today, this thriving company has 60 UK stores, a flourishing e-commerce business and franchise operations in 30 international markets. In 2013, Whittard switched its stocktaking services to Orridge. Orridge's accurate, rapid counts, and its ability to accommodate last minute scheduling changes are bringing Whittard more timely management information.

“In a market that remains extremely price sensitive, we are adding value through a combination of expertise, service excellence and innovation.”

Paul Harding Managing Director, Orridge
and a Christie Group Director



Venners With over 120 years of history in the hospitality industry, Venners has no interest in diversifying sectors. We have a powerful brand in the hospitality sector, where we are seen, not as an external supplier, but as a core sector participant. We act as a one-stop shop for improving hospitality business profits and controls.

Divisional review

Stock & Inventory Systems & Services

This was an excellent year for Venners, led by strong performance in our stock audit business, where like-for-like turnover increased markedly. In the business as a whole, both turnover and profitability advanced significantly. Profit margins returned to levels we have not seen for a considerable period.

Turnover from the Compliance Audit department grew marginally. Also pleasing was the first recorded profit in our health and safety business and a small contribution from Event Profit & Control (EPC).

Key structural changes during the year included the formation of new divisions focusing on compliance and health and safety, and the incorporation of EPC into our Stock Audit division.

We did not enter any new sectors in 2013, preferring instead to develop our consultancy offer, where we see considerable potential value. Our newly established Consultancy division will launch a suite of higher-margin food products in 2014. Attracting customers to premium services may be challenging, but early indications are encouraging.

Innovation in training and recruitment has enabled us to respond more flexibly to clients' needs and add capacity as required, while retaining the expertise that is our hallmark. We've moved key personnel from daily contract to salaried positions, and introduced more seven-day contracts so that we can deploy staff at short notice, even at weekends, quickly and cost-effectively.

We opened our first branch outside the UK – in Ireland – this year. It has already made a positive contribution. On the mainland, new stock audit clients included Arena Leisure, Bowlplex, Brakespear, Greene King – Belhaven, Merlin Inns, Punch, Praesepe and Principal Hayley. In compliance we began working with Lindley Catering (now Centerplate) and

the YHA; in health and safety, Banana Tree and Beds and Bars; and in EPC, Silverstone.

In Europe, we have secured ongoing work for Intercontinental Hotels in Paris and Frankfurt, and across the Beds and Bars estate in Germany, Czech Republic, France, Belgium and the Netherlands.

Venners has always been a technology-driven business. Our Next Generation operational platform will radically extend our capabilities. The new system, on schedule for phased introduction in 2014, will enable real-time data exchange between customers, our offices and operatives in the field.

We launched our Verifier software product in 2013. The application, which simplifies bespoke data reporting, has been well received by customers.

Our website is the hub and the focus for digital marketing. We have made significant progress with the integration of web metrics into our targeted marketing campaigns.

Our inclusive management style is helping us develop the business collegiately. We are opening up strategy and business boards to staff, extending leadership coaching across all tiers of management and empowering managers in the field.

We face 2014 with great confidence. We are trading well, maintaining our standards, selling strongly and recruiting quickly. We are working hard to ensure that all sectors of the business make a positive contribution next year. Our additional capabilities and strong, realistic pipeline should help us deliver continued success in 2014.

Ratcheting up performance: When a major group of four-star, branded hotels faced rising stock deficits and underperformance in parts of its 63-strong estate it appointed Venners to address these issues. We introduced a structured programme that took account of the group's limited budget. We supported the ten worst performers with monthly stock audits and regular training days highlighting areas for improvement. Within a year, their margins had improved and stocks were in surplus. Every one of the targeted hotels has now improved its position; several rank among the group's best performers.

“Our newly established Consultancy division will launch a suite of higher-margin food products in 2014.”

Trevor Heyburn
Managing Director, Venners



Vennersys In the UK, we are developing new business opportunities and defending our strong positioning in the visitor attractions sector. We are strengthening our online offering and extending out-of-hours support. In Canada, where we supply the leading cinema ticketing system Vista, the merger of major operators created the opportunity to streamline support services.

Divisional review

Stock & Inventory Systems & Services

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

Our focus this year was on developing VENPoS Online as a standalone product and on realising the full potential of VENPoS as an integrated, interactive system for the leisure sector. VENPoS Online will launch in the first quarter on 2014 and is expected to generate attractive online revenues.

A major upgrade of the VENPoS system is currently underway. Its product launch is scheduled for end 2014. The new VENPoS will increase our market reach and revenue and confirm our status at the leading edge of leisure sector technology.

This year we launched VENPoS CRM Campaign. This powerful e-marketing tool brings together everything clients need to run successful email and SMS campaigns, from customisable templates to performance statistics.

A PayPal module installed this year is already bringing results. We're also enabling social media integration, timed and phone-based ticketing, online reporting, encryption capability and more.

In our wider programme of innovation, we're introducing interactive technologies such as a common core framework for EPoS, kiosk, PDA and tablet; and preparing for next generation functionality with tools including RFID wristbands and smartphone coupons.

We remain committed to our existing sectors of historic houses, museums and heritage sites, family entertainment centres, and safari parks, zoos and aquariums. We gather market intelligence through electronic mailshots to leisure industry sites in the UK – some 9,000 in total. We believe around half would benefit from our ticketing management systems, and are targeting our marketing accordingly.

Costs were reviewed throughout Vennersys in 2013. In the UK, we streamlined our management structure.

Highlights this year include work with Dudley Zoo. The system's flexibility makes it ideal for managing the zoo's complex of shops, cafes and restaurants efficiently and profitably. Our relationship with European operators Aspro Group continues to develop. We rolled out extended functionality at their Blue Planet Aquarium and Deep Sea World sites this year.

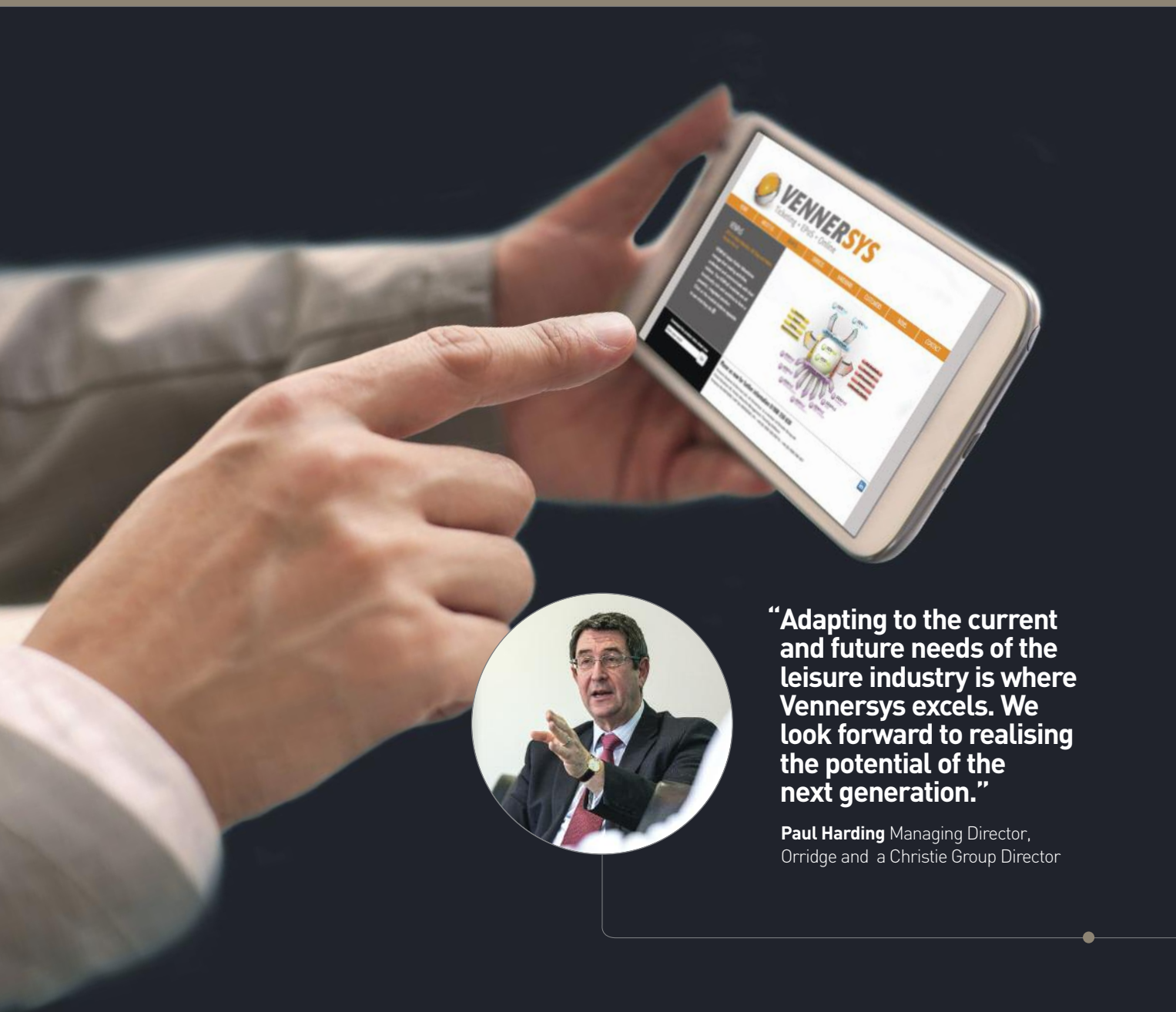
Existing VENPoS user Blenheim Palace implemented a fully integrated e-commerce system enabling fast-track entry to events, cross-channel marketing and portable computing solutions. By working collaboratively on the system we helped our client provide high-quality customer experience and supported our own VENPoS development.

For the roller-skating venue CurveMotion we have developed a single system that manages everything from online booking to child security simply and cost effectively. The bespoke VENPoS system integrates wristband scanning, birthday card reminders and other enhancements.

Canadian revenues were affected when the leading cinema network Empire Theatres, a longstanding Vista client, was sold and split between Cineplex Entertainment and Landmark Cinemas. With the transfer of the network to these two entities we have been able to introduce operating efficiencies without compromising service.

Adapting to the current and future needs of the leisure industry is where Vennersys excels. We shall continue to serve Vista clients and we look forward to realising the potential of the next generation VENPoS with both new and existing clients in 2014.

Our proprietary software VENPoS is recognised as a sector-leading product: A major upgrade of the VENPoS system is currently underway. Its product launch is scheduled for end 2014. The new VENPoS will increase our market reach and revenue and confirm our status at the leading edge of leisure sector technology.



“Adapting to the current and future needs of the leisure industry is where Vennersys excels. We look forward to realising the potential of the next generation.”

Paul Harding Managing Director,
Orridge and a Christie Group Director

Financial review

Operating profit before exceptional items of £1.6m (2012: £1.4m) reflects the much improved second half performance of the Group, as both improved second half revenues and a more efficient cost base combined to drive profitability.

This improved efficiency was achieved from a first half reorganisation of the PBS division – which resulted in £0.4m of exceptional, non-recurring expenditure.

Financing costs remain well controlled

The cost of servicing the Group's working capital financing facilities – bank overdrafts and invoice financing facilities – remains modest at £0.1m (2012: £0.1m). Operating profit before exceptional items of £1.6m effectively represents an interest cover ratio of 13:1. Net debt at the year end stood at £2.7m (2012: £2.1m), with all banking facilities successfully renewed during the year and appropriate facility levels in place to support our trading expectations for 2014.

As a result of changes in accounting standards relating to final salary pension schemes, we are required for the first time in 2013 to recognise the imputed costs of financing the final salary pension scheme liabilities. These are effectively non-cash charges being offset by pre tax actuarial gains for those same pension schemes of £4.8m, and are expected to reduce as the pension scheme deficits fall further.

Taxation

A full explanation of the tax charge for the year is set out in note 10 of the accounts. We continue to experience a higher non-cash deferred tax charge than underlying profitability would otherwise infer, as decreases in the enacted rate of corporation tax have required us to devalue our opening deferred tax assets by 2%.

Pension schemes

The latter part of 2013 saw the Group begin to implement the new compulsory workplace pensions arrangements. 'Auto enrolment' commenced for some Group companies in October 2013 and will be introduced on a phased basis through to 2017.

These new compulsory pension requirements supplement a number of existing pension schemes already operated across the group and ensure the Group is fully compliant with the latest legislation in this respect. After an extensive review, the Board do not anticipate the additional costs of providing these benefits to be material.

As reported last year, we adopted the revised accounting standards on 1 January 2013 relating to defined benefit pension scheme. The effect was an initial restatement of our opening balance sheet to recognise an opening pension deficit of £10m which has more than halved during the year as corporate bond rates, used to derive the present value of the scheme liabilities, have improved and asset returns exceeded prudent assumptions adopted by the Board. While by no means certain, it is notable to observe that a repeat of that experience in 2014 would, were it to occur, eliminate the pension deficit of £4.8m.

Key performance indicators

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

- Revenue growth – an important part of our strategy is the profitable growth of our businesses, and one measure of this is the year-on-year increase in revenue.
- Productivity – being in the service sector, employee costs are our largest single cost. It is important to remain competitive and continue to improve our productivity. This KPI looks at the total cost of employees (including benefits, the cost of company cars, company pension contributions and local employer taxes) required to produce £1,000 of revenue. For this KPI a reducing figure reflects an improvement.
- Operating profit % – this is measured as operating profit (before exceptional items) as a percentage of revenue.



“A repeat of our 2013 experience would eliminate the pension deficit in 2014.”

KPIs			
	Group	Professional Business Services	Stock & Inventory Systems & Services
Revenue growth			
2013 on 2012	(3.4%)	(6.9%)	0.6%
2012 on 2011	5.4 %	11.2%	(0.8%)
2011 on 2010	9.0%	3.3%	15.7%
Productivity – staff costs (before exceptionals) per £1,000 of revenue			
2013	675	605	683
2012	687	618	701
2011	704	644	701
Operating profit/(loss) before exceptional items as % of revenue			
2013	2.9%	3.3%	4.3%
2012	2.4%	1.9%	3.0%
2011	1.4%	(0.2%)	2.5%

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

** Group figures are inclusive of PBS & SISS divisions, and after the deduction of central management costs (see note 6).

Full year revenue from continuing operations reduced during the year, due to the slow start in the first half of 2013 for the Professional Business Services division. However, the second half of 2013 saw a strong recovery, with H2 PBS revenues of £15.3m comparing well to the first half revenue for the division of £13.2m. This represented a 16% half-on-half increase and signalled a return to growth for the division.

Despite this full year reduction in PBS revenues, the reduction in operating costs achieved in the first half of 2013 meant that productivity increased once more, and operating profit as a percentage of revenues improved to 3.3% (2012: 1.9%).

The SISS division achieved modest growth in the year but, like PBS, productivity and profit margins both improved markedly, with a 4.3% operating profit return on income highlighting the improved efficiency of our business models.

Dan Prickett
Chief Financial Officer
28 March 2014

Board of directors



Philip Gwyn
Chairman

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



David Rugg
Chief Executive

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



Dan Prickett
Chief Financial Officer

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



Chris Day
Executive Director

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



Paul Harding
Executive Director

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



Tony Chambers
Senior Non-executive Director

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



Pommy Sarwal
Non-executive Director

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

Company information

Secretary

Dan Prickett FCA

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Registered number

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VAT number

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Nominated adviser and broker

Charles Stanley Securities

Principal solicitors

Royds
SNR Denton

Auditors

Nexia Smith &
Williamson Audit

Registrars

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

Strategic report

for the year ended 31 December 2013

The Directors present their Strategic Report on the group for the year ended 31 December 2013.

Review of the business

Principal activities and business review:

Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions – Professional Business Services and Stock & Inventory Systems & Services. Professional Business Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Stock & Inventory Systems & Services covers stock audit and counting, compliance and food safety audits, inventory preparation and valuation, hospitality and cinema software. A description of the Group's activities and a detailed business review of the year and future developments are given in the Chairman's Statement. In addition the Group's main Key Performance Indicators are explained in the Financial Review on page 26 and the risks and uncertainties are shown below.

Risks and uncertainties:

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

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

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

The following can adversely affect our markets and businesses:

Professional Business Services (PBS)

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

Stock & Inventory Systems & Services (SISS)

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

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

Key Performance Indicators:

For an analysis of key performance indicators see Financial Review on page 26.

Review of strategy and business model

For a review of the Group's strategy see the Chairman's statement on page 2, for a review of the Group's business model see the Chief Executive's review on page 6.

This report was approved by the board on 28 March 2014.

D R Prickett

Company Secretary
65 Carter Lane
London EC4V 5HF

Registered No. 1471939

Directors' report

for the year ended 31 December 2013

The Directors present their report and the audited financial statements for the year ended 31 December 2013.

Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income on pages 38 and 39. The Directors recommend the payment of a final dividend of 1.0p (2012: 0.5p) per share which together with the interim dividend of 0.5p (2012: 0.5p) per share, makes a total of 1.5p (2012: 1.0p) per share totalling £265,000 (2012: £251,000) for the year. The profit for the year from continuing operations before tax and before other comprehensive income was £541,000 (2012: £1,071,000) and the profit attributable to equity holders of the Company for the financial year, after taxation and including other comprehensive income, was £3,914,000 (2012: £4,911,000 losses).

Future developments

For information on future developments see the Chairman's Statement on page 2 and the Chief Executive's Review on page 6.

Directors

The Directors of the Company in office at the date of this report, together with their biographical details, are shown on page 28. All these Directors served throughout the year. David Rugg and Tony Chambers retire in accordance with the Company's Articles of Association. David Rugg and Tony Chambers being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. Directors' interests are shown in the Remuneration Report. During the year under review and as at the date of the Directors' report, appropriate directors' and officers' insurance was in place.

Employees

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

Acquisition of own shares

During the year the Company funded the purchase of 77,000 (2012: 131,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £55,000 (2012: £86,000), to enable it to meet awards under its SAYE and other share schemes. During the year the Company also sold 79,000 (2012: 461,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £73,000 (2012: £1,021,000). The total holding of the Employee Share Ownership Trust as at 31 December 2013 was 151,000 shares (2012: 153,000 shares), which represents 0.57% (2012: 0.60%) 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 38 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 28 March 2014.

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 32);
- An Audit Committee of the Board, comprising Non-executive Directors, which considers significant financial control matters as appropriate; and
- Documented whistle-blowing policies and procedures.

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

Risk management

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

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

Financial planning, budgeting and monitoring

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

Non-executive Directors

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

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

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

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

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

Pommy Sarwal sits on the board of Hybrid Air Vehicles Limited, a UK incorporated company, as Joint Chairman with Philip Gwyn. Mr Sarwal also sits on the Board of Venners Limited as non-executive Chairman, but the day-to-day management of that company is conducted by its executive directors. Neither of these roles are considered to impair his judgement or character in relation to his directorship of Christie Group plc.

Audit Committee

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

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

Remuneration Committee

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

Nomination Committee

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

Risks and uncertainties

See Strategic Report on page 29.

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 35.

Remuneration report

Part 1 of this report sets out the Company's remuneration policies for the Directors for the year ended 31 December 2013. 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 2013.

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.

PART 2. Directors' Emoluments

	Salary, Commissions & Fees £'000	Long Term Share Schemes £'000	Bonus £'000	Benefits £'000	Pensions £'000	2013 £'000	2012 £'000
Philip Gwyn	150	–	–	22	21	193	192
David Rugg	350	–	20	51	–	421	397
Chris Day	300	–	10	18	29	357	353
Dan Prickett	140	–	22	10	4	176	145
Paul Harding	200	–	35	16	17	268	287
Tony Chambers	25	–	–	–	–	25	25
Pommy Sarwal	50	–	–	–	–	50	50
	1,215	–	87	117	71	1,490	1,449

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

	2013 £'000	2012 £'000
Defined benefit scheme:		
Accrued pension at end of year	218	209

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

Directors' pension entitlements

The Company contributed £21,000 (2012: £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. Paul Harding and Dan Prickett both receive employer contributions as members of the Company defined contribution scheme.

Directors' interests

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

	31 Mar 2014	31 Dec 2013	31 Dec 2012
Philip Gwyn	11,515,961	11,515,961	10,967,582
David Rugg	2,778,446	2,778,446	2,596,860
Chris Day	686,713	686,713	606,068
Paul Harding	212,870	212,870	202,733
Tony Chambers	131,975	131,975	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 100,000 share options, granted in May 2009, September 2009 and October 2013 exercisable between May 2012 and October 2023.

Paul Harding holds 125,000 share options, granted in May 2009 and October 2013 exercisable between May 2012 and October 2023.

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 (2012: nil).

The market price of the shares at 31 December 2013 was 80.5p (31 December 2012: 60.0p) and the range during the year was 46.5p to 83.5p (year to 31 December 2012: 45.5p to 77.5p).

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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

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

Independent auditor's report

To the members of Christie Group plc

We have audited the financial statements of Christie Group PLC for the year ended 31 December 2013 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statement of Cash Flows, the Consolidated and Parent Company Statements of Changes in Shareholders' Equity and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/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 2013 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Sancho Simmonds

Senior Statutory Auditor, for and on behalf of

Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

28 March 2014

Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Note	2013 Total £'000	2012 Total (*Restated) £'000
Continuing operations:			
Revenue	6	54,154	56,087
Employee benefit expenses	7	(36,121)	(38,471)
		18,033	17,616
Depreciation and amortisation	6	(564)	(548)
Impairment (charge)/credit	22	(53)	14
Other operating expenses		(15,849)	(15,678)
Operating profit before exceptional items		1,567	1,404
Exceptional items**		(442)	–
Operating profit after exceptional items		1,125	1,404
Finance costs	8	(120)	(97)
Finance income	8	4	1
Pension scheme finance costs	8	(468)	(237)
Total finance costs	8	(584)	(333)
Profit before tax from continuing operations	9	541	1,071
Taxation	10	(351)	(386)
Profit for the year after tax from continuing operations		190	685
Discontinued operations:			
Loss for the period from discontinued operations	12	(29)	(808)
Profit/(loss) for the period after tax		161	(123)
Profit/(loss) for the period after tax attributable to:			
Equity shareholders of the parent		212	(83)
Non-Controlling interest		(51)	(40)
		161	(123)
Earnings per share attributable to equity holders – pence			
Profit/(loss) attributable to the equity holders of the Company			
– Basic	13	0.82	(0.33)
– Fully diluted	13	0.80	(0.33)
Profit from continuing operations attributable to the equity holders of the Company			
– Basic	13	0.93	2.89
– Fully diluted	13	0.91	2.86

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012. The restatement relates entirely to the adoption of changes to the accounting standard IAS 19 "Employee Benefits", further detail is provided in Note 2.

** Exceptional costs for the year to 31 December 2013 relate to the restructuring of operations. Items previously disclosed as exceptional items for the year ended 31 December 2012 have now been disclosed as discontinued operations (Note 12).

Consolidated statement of comprehensive income continued

For the year ended 31 December 2013

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 [*Restated] £'000
Profit/(loss) for the period after tax	161	[123]
Other comprehensive (losses)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	46	3
Net other comprehensive (losses)/income to be reclassified to profit or loss in subsequent periods	46	3
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans *	4,839	(6,274)
Income tax effect	(1,183)	1,443
Net other comprehensive income/(losses) not being reclassified to profit or loss in subsequent periods	3,656	[4,831]
Other comprehensive income/(losses) for the period, net of tax	3,702	[4,828]
Total comprehensive income/(losses) for the period	3,863	[4,951]
Total comprehensive income/(losses) attributable to:		
Equity shareholders of the parent	3,914	(4,911)
Non-Controlling interest	(51)	(40)
	3,863	[4,951]

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012. The restatement relates entirely to the adoption of changes to the accounting standard IAS 19 "Employee Benefits", further detail is provided in Note 2.

Consolidated statement of changes in shareholders' equity

As at 31 December 2013

	Attributable to the Equity Holders of the Company					Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 24) £'000	Cumulative translation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	
For the year ended 31 December 2012						
Balance at 1 January 2012*	505	3,685	454	(3,927)	(35)	682
Loss for the year after tax*	–	–	–	(83)	(40)	(123)
Other comprehensive losses for the year after tax*	–	–	–	(4,831)	–	(4,831)
Exchange differences on translating foreign operations	–	–	3	–	–	3
Total comprehensive income/(losses) for the period	–	–	3	(4,914)	(40)	(4,951)
Movement in respect of employee share scheme	–	935	–	(1,021)	–	(86)
Employee share option scheme:						
– value of services provided	–	68	–	–	–	68
Dividends paid	–	–	–	(251)	–	(251)
Balance at 31 December 2012*	505	4,688	457	(10,113)	(75)	(4,538)

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

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012. The restatement relates entirely to the adoption of changes to the accounting standard IAS 19 "Employee Benefits", further detail is provided in Note 2.

Consolidated statement of financial position

At 31 December 2013

	Note	2013 £'000	2012 [*Restated] £'000	2011 [*Restated] £'000
Assets				
Non-current assets				
Intangible assets – Goodwill	14	1,793	1,011	1,011
Intangible assets – Other	15	507	403	145
Property, plant and equipment	16	1,088	1,232	606
Deferred tax assets	17	2,628	4,401	3,518
Available-for-sale financial assets	18a	485	300	300
Other receivables	19	500	316	904
		7,001	7,663	6,484
Current assets				
Inventories	20	–	1	1
Trade and other receivables	22	10,819	10,670	11,225
Current tax assets		190	177	72
Cash and cash equivalents	21	1,747	1,314	1,059
		12,756	12,162	12,357
Total assets		19,757	19,825	18,841
Equity				
Share capital	23	531	505	505
Fair value and other reserves	24	5,526	4,688	3,685
Cumulative translation reserve		503	457	454
Retained earnings	24	(6,600)	(10,113)	(3,927)
		(40)	(4,463)	717
Non-controlling interest	34	(51)	(75)	(35)
Total equity		(91)	(4,538)	682
Liabilities				
Non-current liabilities				
Retirement benefit obligations	25	4,796	10,000	4,292
Provisions	28	561	734	554
		5,357	10,734	4,846
Current liabilities				
Trade and other payables	26	8,365	8,047	8,262
Borrowings	27	4,483	3,440	3,091
Provisions	28	1,643	2,142	1,960
		14,491	13,629	13,313
Total liabilities		19,848	24,363	18,159
Total equity and liabilities		19,757	19,825	18,841

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012. The restatement relates entirely to the adoption of changes to the accounting standard IAS 19 "Employee Benefits", further detail is provided in Note 2.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2014.

D B Rugg
Chief Executive

D R Prickett
Chief Financial Officer

Consolidated statement of cash flows

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Cash flow from operating activities			
Cash (used in)/generated from operations	29	(355)	1,422
Interest paid		(120)	(116)
Tax received		225	72
Net cash (used in)/generated from operating activities		(250)	1,378
Cash flow from investing activities			
Acquisition of subsidiary		(140)	(4)
Purchase of property, plant and equipment (PPE)		(297)	(1,072)
Proceeds from sale of PPE		13	13
Intangible asset expenditure – software		(267)	(146)
Investment in available-for-sale asset		(185)	–
Interest received		4	1
Net cash used in investing activities		(872)	(1,208)
Cash flow from financing activities			
Proceeds from issuance of share capital		784	–
Proceeds from/(repayments of) invoice finance		18	(435)
Dividends paid		(257)	(251)
Net cash generated from/(used in) financing activities		545	(686)
Net decrease in cash		(577)	(516)
Cash and cash equivalents at beginning of year		(1,538)	(1,009)
Exchange losses on euro bank accounts		(15)	(13)
Cash and cash equivalents at end of year	21	(2,130)	(1,538)

Company statement of changes in shareholders' equity

As at 31 December 2013

	Attributable to the Equity Holders of the Company			Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 24) £'000	Retained earnings £'000	
For the year ended 31 December 2012				
Balance at 1 January 2012*	505	3,100	3,216	6,821
Total comprehensive losses for the period*	–	–	(649)	(649)
Movement in respect of employee share scheme	–	935	(1,021)	(86)
Dividends paid	–	–	(251)	(251)
Balance at 31 December 2012*	505	4,035	1,295	5,835

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

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012. The restatement relates entirely to the adoption of changes to the accounting standard IAS 19 "Employee Benefits", further detail is provided in Note 2.

Company statement of financial position

As at 31 December 2013

	Note	2013 £'000	2012 [*Restated] £'000	2011 [*Restated] £'000
Assets				
Non-current assets				
Investments in subsidiaries	18	2,563	2,563	2,563
Deferred tax assets	17	301	443	700
Available-for-sale financial assets	18a	485	300	300
Other receivables	19	9,098	7,960	7,175
		12,447	11,266	10,738
Current assets				
Trade and other receivables	22	3,006	2,699	2,958
Current tax assets		190	177	72
Cash and cash equivalents	21	5	2	1
		3,201	2,878	3,031
Total assets		15,648	14,144	13,769
Equity				
Share capital	23	531	505	505
Fair value and other reserves	24	4,805	4,035	3,100
Retained earnings	24	829	1,295	3,216
Total equity		6,165	5,835	6,821
Liabilities				
Non-current liabilities				
Retirement benefit obligations	25	336	779	580
		336	779	580
Current liabilities				
Trade and other payables	26	5,528	4,715	4,451
Borrowings	27	3,619	2,815	1,917
		9,147	7,530	6,368
Total liabilities		9,483	8,309	6,948
Total equity and liabilities		15,648	14,144	13,769

* Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012. The restatement relates entirely to the adoption of changes to the accounting standard IAS 19 "Employee Benefits", further detail is provided in Note 2.

These Company financial statements have been approved for issue by the Board of Directors on 28 March 2014.

D B Rugg
Chief Executive

D R Prickett
Chief Financial Officer

Company statement of cash flows

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Cash flow from operating activities			
Cash used in operations	29	(1,341)	(782)
Interest paid		(191)	(162)
Tax received		99	72
Net cash used in operating activities		(1,433)	(872)
Cash flow from investing activities			
Interest received		290	226
Investment in available-for-sale financial asset		(185)	–
Net cash generated from investing activities		106	226
Cash flow from financing activities			
Dividends paid		(257)	(251)
Proceeds from issuance of share capital		784	–
Net cash generated from/(used in) financing activities		527	(251)
Net decrease in cash		(801)	(897)
Cash and cash equivalents at beginning of year		(2,813)	(1,916)
Cash and cash equivalents at end of year		(3,614)	(2,813)

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 2013

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

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

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

New and amended standards adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the group:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the group's accounting policies has been as follows: 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). Within the Consolidated Statement of Financial Position, the unrecognised actuarial losses recognised up to 31 December 2012 on the removal of the corridor amounted to £8,387,000. Within the Consolidated Income Statement the following additional amounts were recognised under the IAS 19 restatement: an additional IAS 19 credit of £40,000 disclosed within employee benefit expenses, £237,000 pension scheme finance costs. Within the Consolidated Statement of Comprehensive Income actuarial losses of £6,274,000 were recognised in 2012. Within the Company Statement of Financial Position, the unrecognised actuarial losses up to 31 December 2012 amounted to £722,000. Within the Company Income Statement the following additional amounts were recognised under the IAS 19 restatement: an additional IAS 19 credit of £22,000 disclosed within employee benefit expenses, £23,000 pension scheme finance costs. Within the Company Statement of Comprehensive Income actuarial losses of £428,000 were recognised in 2012.

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 2014 or later periods and have not been early adopted. It is anticipated that none of these new standards, interpretations and amendments currently in issue at the time of preparing the financial statements will have a material effect on the consolidated financial statements of the Group or Company.

2.2 Consolidation

The Consolidated financial statements include the results of Christie Group plc and all its subsidiary undertakings on the basis of their financial statements to 31 December 2013. The results of businesses acquired or disposed of are included from or to the date of acquisition or disposal.

A subsidiary is an entity controlled, directly or indirectly, by Christie Group plc. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the

2. Summary of significant accounting policies continued

date that control ceases. See business combinations section for acquisitions and disposals in the year (Note 34).

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

Non controlling interests

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

2.3 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Revenue recognition

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

Agency, consultancy and valuations

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

Business mortgage broking

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

Insurance broking

Insurance brokerage is accounted for when the insurance policy commences.

Software

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

Stock & inventory services

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

Other income is recognised as follows:

Interest income

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

Dividend income

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

2.5 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further

2. Summary of significant accounting policies continued

understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.6 Segmental reporting

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

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

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

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

2.7 Intangible assets

Goodwill

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

Client Instructions

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

Other

Intangible fixed assets such as software are stated at cost, net of amortisation and any provision for impairment. Amortisation is calculated to write down the cost of all

intangible fixed assets to their estimated residual value by equal annual instalments over their expected useful economic lives. The expected useful lives are between one and five years.

2.8 Property, plant and equipment

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

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

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

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

2.9 Leases

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

2.10 Impairment of assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset, and is determined over periods which are deemed to appropriately reflect the minimum expected period that the cash generating unit will operate for. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units), and their carrying value assessed against management's projection of the present value of cashflows arising over a projected period of 10 years from the Statement of Financial Position date, using growth rates determined by management.

Any assessment of impairment based on value in use takes account of the time value of money and the uncertainty or risk inherent in the future cash flows. The discount rates applied reflect current market assessments of the time value of

2. Summary of significant accounting policies continued

money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

2.11 Investments

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

Available-for-sale financial assets

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

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

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 income statement.

2.14 Cash and cash equivalents

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

2.15 Borrowings

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

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

2.16 Taxation including deferred tax

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

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

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

2.17 Share capital and share premium

Ordinary shares are classified as equity.

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

2. Summary of significant accounting policies continued

2.18 Dividend distribution

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

2.19 Invoice finance

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

2.20 Employee benefits

Pension obligations

The Group has both defined benefit and defined contribution schemes. A defined benefit scheme is a pension scheme that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. A defined contribution scheme is a pension scheme under which the Group pays fixed contributions into a separate entity. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

Pension obligations – Defined benefit schemes

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

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

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

Pension obligations – Defined contribution scheme

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

Share based compensation

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

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

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

Commissions and bonus plans

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

2.21 Provisions

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

3. Financial risk management

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

3.1 Financial risk factors

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

a) Market risk

Foreign exchange risk

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

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

At 31 December 2013, 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 £50,000 higher (2012: £42,000 higher) mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables, cash and cash equivalents, and trade payables. Applying the same variables to foreign exchange differences recognised directly in equity the effect would be a reduction in equity of £40,000 (2012: £42,000).

b) Credit risk

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

c) Liquidity risk

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

At 31 December 2013 total borrowings by the Group amounted to £4,483,000 (2012: £3,440,000), with additional available unutilised credit facilities at 31 December 2013 of £927,000 (2012: £1,150,000).

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 2013 were £1,747,000 (2012: £1,314,000).

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 2013, 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 £5,000 (2012: £4,000).

3.2 Capital risk management

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

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

4. Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimated impairment of goodwill

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

4. Critical accounting estimates and judgements continued

b) Retirement benefit obligations

The assumptions used to measure the expense and liabilities related to the Group's two defined benefit pension plans are reviewed annually by professionally qualified, independent actuaries, trustees and management as appropriate. Management base their assumptions on their understanding and interpretation of applicable scheme rules which prevail at the statement of financial position date. The measurement of the expense for a period requires judgement with respect to the following matters, among others:

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

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

c) Deferred taxation

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

5. Loss of the parent company

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

tax of £473,000 (2012: £319,000 [*Restated]). It had other comprehensive income of £287,000 (2012: £330,000 losses [*Restated]). It had dividends paid of £257,000 making total comprehensive losses for the year of £443,000.

6. Segment information

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

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

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

6. Segment information continued

The segment results for continuing operations for the year ended 31 December 2012 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment sales	30,490	25,701	2,340	58,531
Inter-segment sales	(104)	–	(2,340)	(2,444)
Revenue	30,386	25,701	–	56,087
Operating profit	606	740	58	1,404
Net finance (costs)/credit	(313)	(33)	13	(333)
Profit before tax				1,071
Taxation				(386)
Profit for the year after tax				685

Other segment items included in the income statements for continuing operations for the years ended 31 December 2013 and 2012 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
31 December 2013				
Depreciation and amortisation	284	278	2	564
Impairment of trade receivables	17	36	–	53
31 December 2012				
Depreciation and amortisation	265	280	3	548
Impairment of trade receivables	2	(16)	–	(14)

The segment assets and liabilities at 31 December 2013 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	7,691	6,162	3,086	16,939
Deferred tax assets				2,628
Current tax assets				190
				19,757
Liabilities	8,747	5,091	1,527	15,365
Borrowings				4,483
				19,848
Capital expenditure	116	448	–	564

Notes to the consolidated financial statements continued

6. Segment information continued

The segment assets and liabilities at 31 December 2012 and capital expenditure for the year are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Assets	7,970	4,851	2,426	15,247
Deferred tax assets				4,401
Current tax assets				177
				19,825
Liabilities	13,354	5,608	1,961	20,923
Borrowings				3,440
				24,363
Capital expenditure	1,060	413	1	1,474

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

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

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

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

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

	2013 £'000	2012 £'000
Revenue		
Europe	53,607	55,393
Rest of the World	547	694
	54,154	56,087

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

	2013 £'000	2012 £'000
Total segment assets		
Europe	16,778	15,115
Rest of the World	161	132
	16,939	15,247

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

	2013 £'000	2012 £'000
Capital expenditure		
Europe	564	1,469
Rest of World	–	5
	564	1,474

6. Segment information continued

	2013 €'000	2012 €'000
Analysis of revenue by category		
Sale of goods	235	278
Revenue from services	53,919	55,809
	54,154	56,087

7. Employee benefit expenses

Staff costs for the Group during the year	2013 €'000	2012 €'000
Salaries and short term employee benefits	33,923	35,829
Other benefits	1,073	1,260
Post employment benefits	1,182	945
Other long-term benefits	(112)	369
Cost of employee share scheme	55	68
	36,121	38,471

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

	2013 Number	2012 Number
Operational	2,598	1,558
Administration and support staff	242	250
	2,840	1,808

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

	2013 Number	2012 Number
Operational	854	876
Administration and support staff	242	250
	1,096	1,126

8. Finance costs

	2013 €'000	2012 (*Restated) €'000
Interest payable on bank loans and overdrafts	103	80
Other interest payable	17	17
Pension scheme finance costs	468	237
Total finance costs for continuing operations	588	334
Bank interest receivable	(4)	(1)
Total finance credit for continuing operations	(4)	(1)
Net finance costs for continuing operations	584	333

Notes to the consolidated financial statements continued

9. Profit/(loss) before tax

	Group	
	2013 £'000	2012 £'000
Profit before tax is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
– owned assets	411	432
Amortisation of intangible fixed assets	153	116
Profit on sale of property, plant and equipment	(18)	(11)
Operating lease charges		
– buildings	1,235	1,436
– other	708	704
Impairment of trade receivables (see note 22)	53	(19)
Vacant leasehold provisions	–	36
Repairs and maintenance expenditure on property, plant and equipment	108	314
Loss/(gain) on foreign exchange (including Company gain Enil (2012: gain Enil))	22	8

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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Audit services				
– audit of the parent company and consolidated financial statements	17	17	17	17
– audit of the subsidiary company financial statements	106	93	–	–
Total audit fees	123	110	17	17
Pension scheme fees	13	11	–	–
Other services pursuant to legislation	–	4	–	–
Other services				
– other services	8	8	8	8

10. Taxation

	2013 £'000	2012 (*Restated) £'000
Current tax		
UK Corporation tax at 20.0% (2012: 24.5%)	237	177
Total current tax credit	237	177
Deferred tax		
Origination and reversal of timing differences	(373)	(316)
Impact of change in the UK corporation tax rate	(215)	(247)
Total deferred tax charge	(588)	(563)
Tax charge on profit/(loss) on ordinary activities	(351)	(386)

10. Taxation continued

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

Tax on profit on ordinary activities

	2013 £'000	2012 [*Restated] £'000
Profit on ordinary activities before tax	512	263
Profit on ordinary activities at standard rate of UK corporation tax of 20.0% (2012: 24.5%)	(102)	(64)
Effects of:		
– income not subject to tax	–	73
– expenses not deductible for tax purposes	(259)	(148)
– tax losses for which no deferred tax asset has been previously recognised	225	–
Re-measurement of deferred tax asset due to changes in the UK corporation tax rate	(215)	(247)
Total tax charge	(351)	(386)

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 2013 which had been measured at 23% at 31 December 2012 have been re-measured using the enacted rate that applied at 31 December 2013 (21%).

11. Dividends

A dividend in respect of the year ended 31 December 2013 of 1.0p per share, amounting to a total dividend of £265,000, is to be proposed at the Annual General Meeting on 18 June 2014. These financial statements do not reflect this proposed dividend.

12. Discontinued operation

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

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

	31 December 2013 £'000	31 December 2012 £'000
Revenue	9	57
Employee benefit expenses	–	(584)
	9	(527)
Impairment credit	–	5
Other operating expenses	(38)	(267)
Operating loss	(29)	(789)
Finance costs	–	(19)
Loss from discontinued operations	(29)	(808)
Total comprehensive losses from discontinued operations	(29)	(808)

Notes to the consolidated financial statements continued

13. Earnings per share

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

	31 December 2013 £'000	31 December 2012 [*Restated] £'000
Profit from continuing operations attributable to equity holders of the Company	241	685
Loss from discontinued operations attributable to equity holders of the Company	(29)	(768)
Profit/(loss) from total operations attributable to equity holders of the Company	212	(83)
	31 December 2013 Thousands	31 December 2012 Thousands
Weighted average number of ordinary shares in issue	25,889	25,091
Adjustment for share options	466	245
Weighted average number of ordinary shares for diluted earnings per share	26,355	25,336
	31 December 2013 Pence	31 December 2012 [*Restated] Pence
Basic earnings per share		
Continuing operations	0.93	2.89
Discontinued operations	(0.11)	(3.22)
Total operations	0.82	(0.33)
Fully diluted earnings per share		
Continuing operations	0.91	2.86
Discontinued operations	(0.11)	(3.19)
Total operations	0.80	(0.33)

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

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

14. Intangible assets – goodwill

Group	Total £'000
Cost	
At 1 January 2013	1,011
Additions (Note 34a)	801
Foreign currency translation effects	(19)
At 31 December 2013	1,793
Group	Total £'000
Cost	
At 1 January 2012 and 31 December 2012	1,011

14. 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 2013 are as follows:

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

During the year, the acquired goodwill was tested for impairment in accordance with IAS 36 on the basis of the relevant CGUs. Following the impairment tests there has been no change to the carrying values. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on current business plans. The key assumptions for the value-in-use calculations are those regarding revenue growth rates, discount rates and long-term growth rates over a period of 10 years from the statement of financial position date. Management determined budgeted revenue growth based on past performance and its expectations for the market development. Discount rates were determined using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Cash flows beyond the five-year period are extrapolated using estimated long term growth rates obtained from HM Treasury for both the UK and Continental Europe.

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

	Professional Business Services %	Stock & Inventory Systems & Services %
Discount rates	5.0	5.0
Long-term growth rates	2.5	2.5

15. Intangible assets – other

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

Notes to the consolidated financial statements continued

15. Intangible assets – other continued

Group	Client instructions £'000	Software £'000	Total £'000
Cost			
At 1 January 2012	–	338	338
Acquisition of subsidiary (note 34)	256	–	256
Additions	–	146	146
Disposals	–	(10)	(10)
Foreign currency translation effects	–	–	–
At 31 December 2012	256	474	730
Accumulated amortisation and impairment			
At 1 January 2012	–	193	193
Charge for the year	86	30	116
Revaluation	29	–	29
Disposals	–	(10)	(10)
Foreign currency translation effects	–	(1)	(1)
At 31 December 2012	115	212	327
Net book amount at 31 December 2012	141	262	403

16. Property, plant and equipment

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

16. Property, plant and equipment continued

Group	Short leasehold property £'000	Fixtures, fittings, computer equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2012	303	2,798	3,101
Additions	–	1,072	1,072
Disposals	–	(146)	(146)
Foreign currency translation effects	–	(14)	(14)
At 31 December 2012	303	3,710	4,013
Accumulated depreciation			
At 1 January 2012	303	2,192	2,495
Charge for the year	–	432	432
Disposals	–	(135)	(135)
Foreign currency translation effects	–	(11)	(11)
At 31 December 2012	303	2,478	2,781
Net book amount at 31 December 2012	–	1,232	1,232

17. Deferred tax

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

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

	Group		Company	
	2013 £'000	2012 (*Restated) £'000	2013 £'000	2012 (*Restated) £'000
Deferred tax assets comprises:				
Decelerated capital allowances	507	744	–	–
Losses not yet utilised	651	726	230	251
Short-term timing differences	463	631	–	13
Deferred tax asset	1,621	2,101	230	264
Deferred tax asset on pension	1,007	2,300	71	179
At 31 December	2,628	4,401	301	443

Movements in the deferred tax asset:

	Group		Company	
	2013 £'000	2012 (*Restated) £'000	2013 £'000	2012 (*Restated) £'000
At 1 January	4,401	3,518	443	700
(Charged)/credited to statement of comprehensive income	(1,773)	883	(142)	(257)
At 31 December	2,628	4,401	301	443

17. Deferred tax

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 £651,000 (2012: £726,000) relating to losses not yet utilised is derived from unutilised tax losses of £3,100,000 (2012: £3,156,000). 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 £114,000 (2012: £117,000) in respect of losses amounting to £489,000 (2012: £489,000) that can be carried forward against future taxable income as the realisation of the benefit cannot be assessed as probable as at 31 December 2013.

UK deferred tax assets have been recognised at the UK corporation tax rate of 21% effective from 1 April 2014.

The UK government has announced future changes to the Corporation tax rate. These changes will result in a decrease in the standard rate of corporation tax to 21% in April 2014 and a further 1% reduction in April 2015 to a standard rate of 20%. As at 31 December 2013 the substantively enacted rate for the tax year ending April 2015 is 21% and in accordance with applicable accounting standards the deferred tax asset has been calculated using this rate. The effect of the substantially enacted rate change on the deferred tax asset of the Group would be a reduction of up to £125,000 (Company: £13,000).

18. Investments in subsidiaries

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

Company	Total £'000
Cost	
At 1 January 2012 and 31 December 2012	6,149
Provision for impairment	
At 1 January 2012 and 31 December 2012	3,586
Net book amount at 31 December 2012	2,563

18. Investments in subsidiaries continued

Subsidiary undertakings

At 31 December 2013 the principal subsidiaries were as follows:

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

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

18. Investments in subsidiaries continued

18a. Available-for-sale financial assets

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Non-current assets				
Cost				
At 1 January	300	300	300	300
Additions	185	–	185	–
At 31 December	485	300	485	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.

19. Other receivables

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Non-current assets				
Amounts due from group undertakings	–	–	9,167	8,199
Less: Provision for impairment of amounts due from group undertakings	–	–	(569)	(555)
Other debtors	500	316	500	316
Other receivables	500	316	9,098	7,960

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

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

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

20. Inventories

	Group	
	2013 £'000	2012 £'000
Finished goods and goods for resale	–	1

21. Cash and cash equivalents

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Cash at bank and in hand	1,747	1,314	5	2

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

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Cash and cash equivalents	1,747	1,314	5	2
Bank overdrafts (note 27)	(3,877)	(2,852)	(3,619)	(2,815)
	(2,130)	(1,538)	(3,614)	(2,813)

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 2013 the ultimate parent undertaking had utilised bank overdrafts to the value of £3,619,000 (2012: £2,815,000).

22. Trade and other receivables

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade receivables	7,257	7,168	–	2
Less: Provision for impairment of receivables	(775)	(788)	–	–
Amounts owed by group undertakings	–	–	2,305	2,207
Other debtors	2,003	1,385	594	261
Prepayments and accrued income	2,334	2,905	107	229
	10,819	10,670	3,006	2,699

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

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

	Group	
	2013 £'000	2012 £'000
Provision at 1 January	788	929
Amounts provided in previous period not utilised	(418)	(535)
Provided in the period	471	516
Impairment of receivables recognised in the Consolidated Income Statement*	53	(19)
Amounts written off in the year	(66)	(122)
Foreign currency translation effects	–	–
Provision at 31 December	775	788

* Included within this amount is Enil (2012: £5,000) relating to discontinued operations.

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

Notes to the consolidated financial statements continued

22. Trade and other receivables continued

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

	Group	
	2013 £'000	2012 £'000
Not overdue	3,536	3,428
Amounts past due:		
← 1 month	1,808	1,838
1 – 3 months	1,011	861
3 – 6 months	340	482
6 – 12 months	232	177
→ 1 year	330	382
Provision for impairment of trade receivables	(775)	(788)
Amounts past due but not impaired	2,946	2,952

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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Sterling	9,539	9,528	3,006	2,699
Euros	1,148	1,066	–	–
Canadian Dollars	107	49	–	–
United Arab Emirates Dirhams	–	27	–	–
Swiss Francs	16	–	–	–
Czech Korunas	9	–	–	–
	10,819	10,670	3,006	2,699

23. Share capital

	2013		2012	
	Number	£'000	Number	£'000
Ordinary shares of 2p each				
Allotted and fully paid:				
At 1 January	25,263,551	505	25,263,551	505
Issue of shares	1,263,178	26	–	–
At 31 December	26,526,729	531	25,263,551	505

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

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

Investment in own shares

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

23. Share capital continued

At 31 December 2013 the total payments by the Company to the ESOP to finance the purchase of ordinary shares was £2,067,000 (2012: £2,028,000). This figure is inclusive of shares purchased and subsequently issued to satisfy employee share awards. The market value at 31 December 2013 of the ordinary shares held in the ESOP was £121,000 (2012: £92,000). The investment in own shares represents 151,000 shares (2012: 153,000) with a nominal value of 2p each.

23a. Share based payments

Certain employees hold options to subscribe for shares in the Company at prices ranging from 39.5p to 251.5p under share option schemes for the period from April 2005 – October 2013.

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
2013	2012			
–	35,000	47.5p	Apr 2003	Apr 2006 – Apr 2013
–	12,000	46.5p	Jun 2003	Jun 2006 – Jun 2013
3,000	3,000	100.0p	Apr 2005	Apr 2008 – Apr 2015
3,000	6,000	130.5p	Apr 2006	Apr 2009 – Apr 2016
3,000	3,000	251.5p	Mar 2007	Mar 2010 – Mar 2017
20,000	20,000	39.5p	May 2009	May 2012 – May 2019
636,634	685,634	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
72,000	85,000	46.5p	May 2010	May 2013 – May 2020
78,000	81,000	58.5p	Sep 2011	Sep 2014 – Sep 2021
58,000	61,000	67.0p	May 2012	May 2015 – May 2022
79,222	79,222	67.5p	Sep 2012	Sep 2015 – Sep 2022
82,778	82,778	67.5p	*Sep 2012	Sep 2015 – Sep 2022
190,833	–	75.0p	Oct 2013	Oct 2016 – Oct 2023
52,167	–	75.0p	*Oct 2013	Oct 2016 – Oct 2023
1,434,634	1,309,634			

Under the Share Option Scheme the Remuneration Committee can grant options over shares to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. Awards under the Share Option Scheme are generally reserved for employees at senior management level and 138 employees are currently participating. The Company has made grants at least annually. Options granted under the Share Option Scheme will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment and achievement of a performance target, linked directly to Christie Group plc earnings per share (eps).

The Group also operates a Save As You Earn (SAYE) scheme which was introduced in 2002. Under the SAYE scheme eligible employees can save up to £250 per month over a three or five year period and use the savings to exercise options granted between 59.5p to 68.5p. There were 511,000 (2012: 561,000) remaining options outstanding under the SAYE scheme at 31 December 2013.

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:

	2013	2012
Share price at grant date	39.5p – 251.5p	39.5p – 251.5p
Exercise price	39.5p – 251.5p	39.5p – 251.5p
Expected volatility	34.4% – 78.3%	33.7% – 78.3%
Expected life (years)	3 – 5 years	3 – 5 years
Risk free rate	0.7% – 5.1%	0.8% – 5.1%
Dividend yield	0.0% – 3.7%	0.0% – 3.7%
Fair value per option	14.77p – 84.8p	14.77p – 84.80p

Notes to the consolidated financial statements continued

23. Share capital continued

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

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

	2013		2012	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,309,634	52.06p	1,131,634	49.04p
Granted	243,000	75.00p	223,000	67.36p
Forfeited or lapsed	(71,000)	49.15p	(45,000)	51.90p
Expired	(47,000)	47.24p	–	–
Outstanding at 31 December	1,434,634	56.25p	1,309,634	52.06p
Exercisable at 31 December	893,634	48.12p	920,634	48.21p

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 £55,000 (2012: £68,000), all of which related to equity-settled share based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2013 was 6.8 years (2012: 6.9 years).

24. Reserves

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

Group	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Fair value and other reserves £'000	Retained earnings (*Restated) £'000
At 1 January 2012*	4,073	679	(1,077)	10	3,685	(3,930)
Movement in respect of employee share scheme	–	68	935	–	1,003	(1,021)
Comprehensive loss for the period *	–	–	–	–	–	(4,911)
Dividends paid	–	–	–	–	–	(251)
At 31 December 2012	4,073	747	(142)	10	4,688	(10,113)

24. Reserves continued

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

Company	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other reserves £'000	Fair value and other reserves £'000	Retained earnings (*Restated) £'000
At 1 January 2012*	4,073	5	(1,077)	10	89	3,100	3,210
Movement in respect of employee share scheme	–	–	935	–	–	935	(1,021)
Comprehensive losses for the period*	–	–	–	–	–	–	(643)
Dividends paid	–	–	–	–	–	–	(251)
At 31 December 2012	4,073	5	(142)	10	89	4,035	1,295

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

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

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

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

25. Group retirement benefit obligations

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

	2013 £'000	2012 (*Restated) £'000
United Kingdom	4,796	10,000

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.

25. Group retirement benefit obligations continued

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

	2013 £'000	2012 [*Restated] £'000
Present value of funded obligations	44,304	37,797
Fair value of plan assets	(44,304)	(37,797)
Present value of unfunded obligations	4,796	10,000
Liability in the statement of financial position	4,796	10,000

The principal actuarial assumptions used were as follows:

	2013 %	2012 %
Discount rate	5.00	4.75
Inflation rate	3.20 – 3.30	2.80
Future salary increases	3.20 – 3.30	2.80
Future pension increases	2.50 – 3.50	2.50 – 3.50

Assumptions regarding future mortality experience are set based on advice from published statistics and experience.

The average life expectancy in years of a pensioner retiring at age 65 is as follows:

	2013 Years	2012 Years
Male	21.1 – 22.3	21.1 – 22.5
Female	22.7 – 24.6	22.6 – 24.8

The movement in the defined benefit obligation is as follows:

	2013 £'000	2012 £'000
At 1 January	47,797	37,569
Interest cost	2,263	2,188
Current service cost	567	528
Benefits paid	(820)	(605)
Actuarial (gains)/losses on experience	(245)	750
Actuarial (gains)/losses on assumption changes	(462)	7,367
At 31 December	49,100	47,797
Attributable to:		
Present value of funded obligations	44,304	37,797
Present value of unfunded obligations	4,796	10,000
	49,100	47,797

25. Group retirement benefit obligations continued

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

	2013 £'000	2012 (*Restated) £'000
At 1 January	37,797	33,277
Return on plan assets less interest income	4,186	1,921
Net interest income	1,795	1,951
Employee Contributions	181	182
Employer Contributions	1,219	1,149
Benefits paid	(820)	(605)
Actuarial gains/(losses)	(54)	(78)
At 31 December	44,304	37,797

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

	2013 £'000	2012 (*Restated) £'000
Current service cost	567	528
Net actuarial losses/(gains) recognised in the year	–	4
Total included in employee benefit expenses	567	532
Net interest cost	468	237
Total included in finance costs	468	237
Actuarial (gains)/losses	(4,839)	6,471
Total included in other comprehensive income/(losses)	(4,839)	6,471

Plan assets are comprised as follows:

	2013			2012		
	Quoted* £'000	Unquoted £'000	Total £'000	Quoted* £'000	Unquoted £'000	Total £'000
Equity	–	32,391	32,391	–	26,490	26,490
Debt	–	4,756	4,756	–	4,837	4,837
Property**	–	2,057	2,057	–	1,743	1,743
Other	–	5,100	5,100	–	4,727	4,727
	–	44,304	44,304	–	37,797	37,797

* Plan assets are held in unit trusts.

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

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

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

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

25. Group retirement benefit obligations continued

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

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

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(7.9%)	8.4%
Salary growth rate	0.50%	0.7%	(0.7%)
Pension growth rate	0.25%	1.0%	(1.0%)

	Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy	2.4%	(2.4%)

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

Expected contributions to UK post retirement benefit schemes for the year ending 31 December 2014 are £1,286,000.

The weighted average duration of the defined benefit obligation is 19.1 years.

Expected maturity analysis of undiscounted pension benefits:

As at 31 December 2013	Less than a year £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
Pension benefits	2,030	1,718	4,358	122,841	130,947

Company

The income statement credit of £16,000 (2012: £124,000) and statement of financial position liability of £336,000 (2012: £779,000) recognised by the Company in relation to the Christie Group defined benefit scheme has been allocated on the basis of actuary data. For the year ended 31 December 2013 contributions paid by the Company amounted to £83,000 (2012: £80,000).

26. Trade and other payables

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade payables	1,551	1,271	205	161
Amounts owed to group undertakings	–	–	4,288	3,787
Other taxes and social security	1,701	1,830	193	241
Other creditors	1,180	935	580	297
Accruals	3,526	3,407	262	229
Deferred income	407	604	–	–
	8,365	8,047	5,528	4,715

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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Sterling	6,617	6,721	5,528	4,715
Euros	1,583	846	–	–
Canadian Dollars	129	102	–	–
United Arab Emirates Dirhams	–	378	–	–
Swiss Francs	22	–	–	–
Czech Korunas	14	–	–	–
	8,365	8,047	5,528	4,715

27. Borrowings

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Current				
Bank overdrafts	3,877	2,852	3,619	2,815
Invoice finance (secured against debtors)	606	588	–	–
	4,483	3,440	3,619	2,815

The Group is not subject to any contractual repricing.

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

28. Provisions

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

	Vacant leasehold provisions £'000	Long-term benefits due to employees £'000	Dilapidations £'000	Total £'000
At 1 January 2012	138	1,952	424	2,514
Charged to the income statement				
– Additional provision	36	361	77	474
Utilised during the year	(58)	–	(54)	(112)
At 31 December 2012	116	2,313	447	2,876

Analysis of total provisions:

	2013 £'000	2012 £'000
Non-current	561	734
Current	1,643	2,142
	2,204	2,876

a. Long-term benefits due to employees

Provisions for long-term benefits to employees comprise £269,000 for incentives in excess of one year's duration. These are determined in line with the projected unit credit method.

b. Dilapidations

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

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

c. Vacant leasehold provisions

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

29. Notes to the cash flow statement

Cash generated from/(used in) operations

	Group		Company	
	2013 £'000	2012 [*Restated] £'000	2013 £'000	2012 [*Restated] £'000
Continuing operations				
Profit/(loss) for the year after tax	190	685	(473)	(319)
Adjustments for:				
– Taxation	351	386	(64)	75
– Finance costs/(credit)	116	96	(100)	(64)
– Depreciation	411	424	–	–
– Amortisation of intangible assets	153	116	–	–
– Profit on sale of property, plant and equipment	(42)	(11)	–	–
– Foreign currency translation	102	(30)	–	–
– (Decrease)/increase in provisions	(672)	362	–	–
– Movement in share option charge	61	68	–	–
– Movement in retirement benefit obligation	(365)	(566)	(62)	(229)
– (Increase)/decrease in non-current other receivables	(184)	588	–	–
Changes in working capital (excluding the effects of exchange differences on consolidation):				
– Decrease in inventories	1	–	–	–
– (Increase)/decrease in trade and other receivables	(9)	550	(1,455)	(611)
– Increase/(decrease) in trade and other payables	(121)	(746)	813	366
Cash (used in)/generated from continuing operations	(8)	1,922	(1,341)	(782)
Discontinued operations				
Loss for the year after tax	(29)	(808)	–	–
Adjustments for:				
– Finance costs	–	19	–	–
– Depreciation	–	8	–	–
– Loss on sale of property, plant and equipment	24	–	–	–
– Foreign currency translation	1	1	–	–
Changes in working capital (excluding the effects of exchange differences on consolidation):				
– Decrease in trade and other receivables	28	5	–	–
– (Decrease)/increase in trade and other payables	(371)	275	–	–
Cash used in discontinued operations	(347)	(500)	–	–
Cash (used in)/generated from operations	(355)	1,422	(1,342)	(782)

30. Reconciliation of movement in net debt

	As at 1 January 2013 £'000	Cash flow £'000	As at 31 December 2013 £'000
Cash and cash equivalents	1,314	433	1,747
Bank overdrafts	(2,852)	(1,025)	(3,877)
	(1,538)	(592)	(2,130)
Invoice finance	(588)	(18)	(606)
Net debt	(2,126)	(610)	(2,736)

31. Financial assets & liabilities

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

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Available-for-sale financial assets	485	300	485	300
Trade and other receivables	11,319	10,986	12,104	10,659
Cash and cash equivalents	1,747	1,314	5	2
	13,551	12,600	12,594	10,961

	Group		Company	
	2013 £'000	2012 (*Restated) £'000	2013 £'000	2012 (*Restated) £'000
Retirement benefit obligations	4,796	10,000	336	779
Provisions	2,204	2,876	–	–
Trade and other payables	8,365	8,047	5,528	4,715
Borrowings	4,483	3,440	3,619	2,815
	19,848	24,363	9,483	8,309

32. Commitments

a. Operating lease commitments

At 31 December 2013 the Group has lease agreements in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years.

	2013		2012	
	Property £'000	Vehicles and equipment £'000	Property £'000	Vehicles and equipment £'000
Commitments under non-cancellable operating leases due:				
Within one year	1,097	780	1,201	628
Within two to five years	3,369	854	3,363	977
After five years	7,617	583	6,301	–
	12,083	2,217	10,865	1,605

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 £18,000 (2012: £40,000).

33. Contingent liabilities

In the ordinary course of business, claims arise in Group companies. In the opinion of the Directors, appropriate amounts have been set aside in the individual companies within the Group in respect of liabilities which they may suffer as a result of the resolution of these claims. As at 31 December 2013 no material unprovided contingent liabilities existed (2012: £nil).

34. Business combinations

a. Acquisitions in 2013

- On 1 September 2013, Reedwall Limited, a wholly owned subsidiary of Christie Group plc, completed the acquisition of 75% of the issued share capital of Horizon Holdings GmbH, a company incorporated in Germany and whose principal activities are that of a holding company of the Inventory Service Group with five subsidiaries across Europe. The subsidiaries being:
 - Inventory Service Austria GmbH based in Vienna, Austria.
 - Inventory Service Suisse GmbH based in St Gallen, Switzerland.
 - Inventory Service Czech Republic sro based in Prague, Czech Republic.
 - Inventory Service Slovakia sro based in Bratislava, Slovakia,
 - Inventory Service Iberia SL based in Madrid, Spain.

The purchase of Horizon Holdings GmbH also includes the purchase of the Assets, Liabilities and ongoing business of the German Partnership, Inventory Service GmbH & Co, KG. Since the acquisition, the partnership has been dissolved and Horizon Holdings GmbH has been renamed Orridge Inventory Services GmbH.

34. Business combinations continued

The following table sets out details of the consideration to be paid in accordance with the acquisition agreement and the fair value of the assets and liabilities acquired.

	£'000
Tangible fixed assets	35
Trade and other receivables	133
Cash and cash equivalents	(140)
Trade and other payables	(829)
Net assets/(liabilities)	(801)
Intangible assets	–
Goodwill	801
Total consideration	–
To be satisfied by:	
Cash consideration	–

Cash consideration of €2 was paid.

Revenue of £873,000 and an operating loss of £205,000 were generated in the period since acquisition.

On a pro-rata basis this would have equated to full annual revenue of £2,619,000 and an operating loss of £615,000. Were the acquisition to have taken place on 1 January 2013 the consolidated revenue would have been £55,900,000 and an operating profit from continuing operations before exceptional items would be £1,157,000.

- On 14 May 2013, Christie & Co (Holdings) Limited, a wholly owned subsidiary of Christie Group plc, acquired a 100% shareholding in the ordinary shares of Christie Business Property Advisers (Ireland) Limited, a newly incorporated company registered in the Republic of Ireland. The newly incorporated company remained dormant until it began trading on 1 January 2014.

b. Disposal in 2013

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

c. Acquisitions in 2012

- On 3 July 2012, Christie & Co (Holdings) Limited, a wholly owned subsidiary of Christie Group plc, acquired a further 5% shareholding in the ordinary shares of Christie & Co FZ-LLC, taking the shareholding to 95%, for a consideration of 17,000 AED.
- On 30 April 2012, Christie Owen and Davies Limited, a wholly owned subsidiary of Christie Group plc, completed the acquisition of the entire issued share capital of Orridge Business Sales Limited, a company incorporated in England and Wales and trading in the United Kingdom and whose principal activities are agents in the sale of pharmaceutical businesses.

As at 31 December 2013, £158,000 of the contingent consideration was satisfied in ordinary 2p shares of Christie Group plc, these shares were purchased on the vendor's behalf from the Employee Share Ownership Plan (ESOP) trust. As at 31 December 2013, £70,000 of the contingent consideration had been written off due to client instructions that did not generate revenue under the Share Purchase Agreement.

- On 24 January 2012, Christie & Co (Holdings) Limited, a wholly owned subsidiary of Christie Group plc, acquired a 100% shareholding in the ordinary shares of Christie & Co Austria GMBH, a newly incorporated company registered in Austria for a consideration of €35,000.

35. Related-party transactions

Group

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

The Group Executive Directors are considered to be the persons who have the authority and responsibility for planning, directing and controlling the Group. Details of the remuneration of the Group Executive Directors is included in the Directors' remuneration report on page 24, 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:

	2013 £'000	2012 £'000
Directors' remuneration per Directors' report	1,490	1,449
Employers' NI	186	183
Total remuneration	1,676	1,632

	2013 £'000	2012 £'000
Dividends paid to Directors	144	144

The Income Statement charge in respect of share options held by directors is £3,000 (2012: £6,000).

Company

Transactions with Group undertakings:

	2013 £'000	2012 £'000
Provision of services	4,068	4,232
Purchase of services	811	761

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

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

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

During 2012 the company was repaid a non-interest bearing short-term loan of £660,000 from 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.

During the period rentals of £310,000 (2012:£300,000) were paid to Carmelite Property Limited by Christie Group plc in accordance with the terms of a long-term lease agreement.

Five-year record

Consolidated income statement

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Revenue	54,154	56,087	53,290	48,905	47,067
Operating profit/(loss) before exceptional items	1,567	1,404	745	1,042	(3,654)
Exceptional items	(442)	–	(405)	–	–
Finance (costs)/ credit	(584)	(333)	(103)	(103)	(47)
Profit/(loss) on ordinary activities before tax	541	1,071	237	939	(3,701)
Taxation	(351)	(386)	(386)	455	1,752
Profit/(loss) on ordinary activities after tax	190	685	(149)	1,394	(1,949)
Non-Controlling interest	19	40	35	–	–
Profit/(loss) attributable to equity holders of the parent	209	725	(114)	1,394	(1,949)
Earnings per share					
– basic	0.81p	2.89p	(0.46p)	5.64p	(8.30p)
Dividends per ordinary share (payable in respect of the year)	1.50p	1.00p	0.50p	1.00p	0.00p

The 2009, 2012 and 2013 results shown above are for continuing operations only.

Consolidated statement of financial position

	2013 £'000	2012 [*Restated] £'000	2011 [*Restated] £'000	2010 £'000	2009 £'000
Non-current assets	7,001	7,663	7,051	6,415	6,457
Current assets	12,756	12,162	12,357	11,794	12,061
Non-current liabilities	(561)	(734)	(554)	(2,093)	(1,720)
Current liabilities	(14,491)	(13,629)	(13,316)	(10,438)	(12,236)
	4,705	5,462	5,538	5,678	4,562
Retirement benefit obligations	(4,796)	(10,000)	(4,292)	(3,222)	(3,594)
Net assets	(91)	(4,538)	1,246	2,456	968

Shareholder information

Company information

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

Online copy

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

Financial calendar

Annual General Meeting

Whitefriars House 6 Carmelite Street London EC4Y 0BS	Wednesday 18 June 2014 at 10.30am
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Announcements

Half-year results for 2014	September 2014
Preliminary full-year results for 2014	April 2015

Final dividend 2013

Ex-dividend	4 June 2014
Record date	6 June 2014
Payment date	4 July 2014

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

Registrars

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

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

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

shareholderenquiries@capita.co.uk

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

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

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

Once you have registered, you can immediately:

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

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

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

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

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

ShareGift

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

www.sharegift.org/donorinformation

Unauthorised brokers ('boiler room' scams)

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

If you receive any unsolicited investment advice:

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

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

Identity theft

Tips for protecting your shares in the company:

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

Directory

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