
savills
2013
Report and Accounts

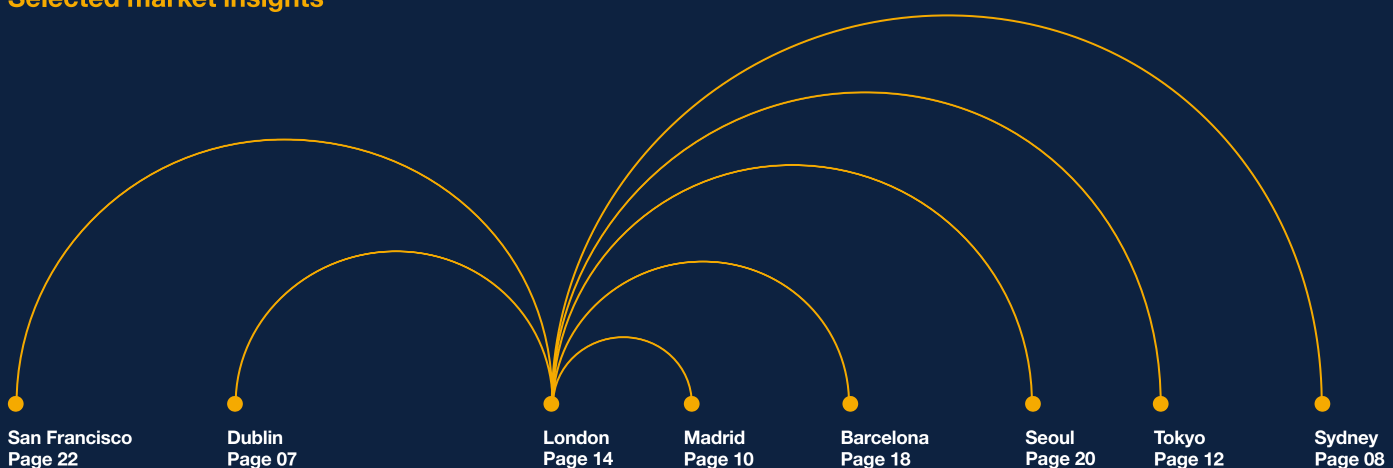
Introduction

Savills is a global real estate services provider listed on the London Stock Exchange. We have an international network of over 600 offices and associates and over 26,000 staff throughout the Americas, the UK, Continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

Our vision

To advise private, institutional and corporate clients seeking to acquire, manage, lease, develop or realise the value of prime residential and commercial property in the world's key locations.

Selected market insights



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Group overview

Our services

Transaction Advisory

The Transaction Advisory business stream comprises commercial, residential, leisure and agricultural agency and investment advice on purchases and sales.

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Consultancy

Provision of a wide range of professional property services including valuation, building and housing consultancy, environmental consultancy, landlord and tenant, rating, development, planning, strategic projects, corporate services and research.

See page 20

Property and Facilities Management

Management of commercial, residential, leisure and agricultural property for owners. Provision of a comprehensive range of services to occupiers of property, ranging from strategic advice through project management to all services relating to a property.

See page 23

Investment Management

Investment management of commercial and residential property portfolios for institutional, corporate or private investors, on a pooled or segregated account basis.

See page 25

Our markets

	1. United Kingdom	2. Asia Pacific	3. Continental Europe	4. United States
Revenue	£462.3m	£354.4m	£81.3m	£6.8m
Total staff	3,718	21,691	845	33
Offices	95	44	30	4

Total staff

26,287

International and associate offices

+600

Group highlights

Revenue

£904.8m

(2012: £806.4m)

IFRS profit after tax

£51.4m

(2012: £37.1m)

Geographical spread (% non-uk)

49%

(2012: 51%)

Property under management (sq ft)

2,032m

(2012: 1,755m)

Underlying profit*

£75.2m

(2012: £58.6m)

Operating cash generation

£70.8m

(2012: £59.7m)

Breadth of service (% non-transactional income)

60%

(2012: 62%)

Underlying profit margin

8.3%

(2012: 7.3%)

Underlying earnings per share

43.1p

(2012: 33.9p)

Assets under management

£4.2bn

(2012: £3.6bn)

* Underlying profit is calculated by adjusting reported pre-tax profit for profit/loss on disposals, share-based payment adjustment, impairment and amortisation of goodwill and intangible assets (excluding software), other impairments and restructuring costs (refer to Note 2 to the financial statements).

Chairman's statement

Strong revenue growth and margin improvement, reflecting improved transactional activity in many of our key markets together with robust Property Management and Consultancy operations, underpinned the Group's strong performance in 2013 and demonstrates the benefit of the business development activities of recent years.

Results

The Group's underlying profit before tax for the year increased by 28% to £75.2m (2012: £58.6m restated for IAS 19), on revenue which improved by 12% to £904.8m (2012: £806.4m). The Group's reported profit before tax increased by 35% to £70.1m (2012: £52.0m restated for IAS 19).

Overview

2013 demonstrated the importance of Savills position in the prime markets of the world's key cities and the benefits of the progressive growth strategy we have pursued in recent years. Our Transaction Advisory revenue grew by 16%, our Consultancy business revenue by 11% and our Property Management revenue by 9%. Many of the principal commercial markets in which we operate experienced an exceptionally strong finish to the year, including a record performance in the UK where Savills advised on over a third of all commercial office investment transactions (by value). Our Residential business also continued to benefit from a strong market particularly in Prime Central London. In Asia, strong performances in Japan, mainland China, Korea and Australia outweighed the effect of a substantial reduction in transaction volumes in Hong Kong and Singapore.

In Continental Europe, an improvement in economic conditions benefited our predominantly transaction orientated businesses with revenue increasing by 16% and overall losses reduced by 44% in line with our original aspirations for the year.

Cordea Savills, the Group's Investment Management business, delivered a solid performance across its European platform increasing Assets Under Management ('AUM') by 17% and winning some high quality mandates, which drove an increase in revenue of 11%.

Business development

Savills strategy is to be a leading adviser in the key markets in which we operate. Our global strategy is delivered locally by those close to the market with flexibility to adapt quickly to changes in circumstances and opportunities. They are supported by our regional and cross-border investment and occupier service specialists. Over the last few years we have acquired a number of small businesses and added teams and individual hires to our strong core business, particularly when markets have been weak.

During the year the Board considered the longer term strategic and geographic development of the business in the context of both investment and occupier markets which are becoming increasingly global in outlook and service requirement. We concluded that the current strategy of focused geographic and service expansion, both organically and by acquisition, is the right approach. As part of this, we have considered how best to build on Savills capabilities in the US and will continue to investigate options for expansion in that market. In addition, we have looked at expanding the geographical coverage of the Cordea Savills investment management platform. During the year Cordea Savills took its first step outside Europe with the agreement to acquire Merchant Capital KK, a small investment management firm in Tokyo with approximately £250m AUM. The acquisition is expected to complete in the second quarter of 2014.

At the beginning of 2013 we merged the two principal Savills businesses in the UK to form Savills (UK) Limited. In conjunction with the merger, the decision was taken to move the two head offices in the West End of London into one new head office at 33 Margaret Street. This took place between May and June 2013 and has resulted in a highly successful combination of capabilities and skills from each of the historic businesses merging into a well functioning single operation. The benefits of this merger have already become apparent in a number of areas, most particularly in Savills ability to marshall many different skills from across the business to identify and support complex client projects. The costs of this merger together with a small number of restructuring activities in Europe gave rise to an aggregate restructuring cost of £5.2m (2012: £4.0m) during the year.

The Board's ongoing focus on improving margin continued to drive an increase in profitability, with the Group's underlying pre-tax profit margin advancing to 8.3% from 7.3% in 2012. Considerable performance improvement in the broader UK market, together with the reduction in losses in Continental Europe and the US, represented the principal contributors to the overall increase in margin.

Board

Due to other commitments, Clare Hollingsworth has indicated her intention to retire from the Board at the end of the next Annual General Meeting. On behalf of the Board I would like to thank her for her considerable contribution during her time at Savills both as a Director and as Chairman of the Remuneration Committee.

Following Clare's retirement, Tim Freshwater has kindly agreed to take on the chairmanship of the Remuneration Committee. The Board is now commencing a search for Clare's replacement.

Dividends

An initial interim dividend of 3.5p per share (2012: 3.3p) amounting to £4.5m was paid on 14 October 2013, and a final ordinary dividend of 7.0p (2012: 6.7p) is recommended, making the ordinary dividend 10.5p for the year (2012: 10.0p). In addition, a supplemental interim dividend of 8.5p (2012: 6.0p) is declared, based upon the underlying performance of our Transaction Advisory business. Taken together, the ordinary and supplemental dividends comprise an aggregate distribution for the year of 19.0p per share, representing an increase of 19% on the 2012 aggregate dividend of 16.0p. The final ordinary dividend of 7.0p per ordinary share will, subject to shareholders' approval at the Annual General Meeting on 12 May 2014, be paid alongside the supplemental interim dividend of 8.5p per share on 21 May 2014 to shareholders on the register at 22 April 2014.

People

On behalf of the Board, I wish to express my thanks to all our people worldwide for their hard work, commitment and continued focus on client service, enabling the Group to deliver a very strong performance in 2013.

Outlook

We have made a solid start to 2014 with performance in line with management expectations. In the UK, we expect continuing demand for London property and recovery in the regional markets although availability of commercial stock, in particular, is increasingly a challenge. In Asia, whilst we expect the reduction in trading volumes in Hong Kong to persist for at least the first half of the year, this will be mitigated, in part, by the strength of other regions across Asia. We also expect to show a continued improvement in our businesses in Continental Europe and the US. Looking ahead, we are well positioned with a clear strategy for extending the depth and breadth of our services in the world's key markets.

Peter Smith
Chairman

As a number of markets began to recover during the year, the strength of the Savills network showed through in the improved results of 2013. Our core capabilities in both the commercial and prime residential sectors in increasingly global markets, represent a strong platform from which to expand our business by meeting the growing needs of our worldwide client base.

Jeremy Helsby
Group Chief Executive

Our strategy

Our strategy is to deliver value as a leading adviser to private, institutional and corporate clients seeking to occupy, acquire, manage, lease, develop or realise the value of prime residential and commercial property in the world's key locations. The key components of our business strategy are as follows:

1. Commitment to clients – We aim to deliver the highest standards of client service through motivated and high calibre people.
2. Business diversification.
3. Geographical diversification.
4. Maintain financial strength.
5. Strength in both prime residential and commercial property.

Key Operating highlights

- UK Commercial transaction profits up 58% reflecting increased market share in Prime Central London transactions and a progressive recovery in the regional markets.
- Asia Pacific Commercial transaction profits up 14% with growth in Australia, Korea and Japan mitigating the anticipated slowdown in Hong Kong.
- UK Residential transaction profits up 34% reflecting higher market volumes; three new offices opened during the year.
- Continued revenue growth of over 9% in Property Management segment underlying profits down 2% through reorganisation costs in Europe and investment in business growth.
- Consultancy profits up 26% with strong performances in the UK and Continental Europe.
- Cordea Savills investment management business increased AUM by 17% to £4.2bn.

The strength of our key commercial and residential market positions drove an improved performance for Savills in 2013. As anticipated, we experienced a quieter market in Hong Kong and Singapore, particularly in the final quarter; but improved trading conditions elsewhere in Asia counter-balanced the shortfall.

Our business in the Asia Pacific region had a record year and the newly merged UK business got off to an excellent start. The US business saw a slight improvement and it has a strong pipeline going into 2014. Cordea Savills underlying business continued to grow, but profitability was temporarily affected by expansion and reorganisation costs. In Continental Europe, in line with our plans, we substantially reduced losses with most countries breaking even at an operating level. Overall we increased our underlying profit before tax ('underlying profit') by 28% to £75.2m (2012: £58.6m).

On a statutory basis, profit before tax increased 35% to £70.1m (2012: £52.0m).

Savills geographic and business diversity were key to achieving the year's result. Our performance analysed by region was as follows:

	Revenue £m			Underlying Profit/(Loss) £m		
	2013	2012	% growth	**2013**	2012	% growth
UK	**462.3**	399.1	16	**55.3**	43.8	26
Asia Pacific	**354.4**	331.0	7	**35.5**	32.6	9
Continental Europe	**81.3**	70.2	16	**(3.9)**	(7.0)	44
United States	**6.8**	6.1	11	**(1.6)**	(2.1)	24
Unallocated Cost	**n/a**	n/a	n/a	**(10.1)**	(8.7)	(16)
Total	**904.8**	806.4	12	**75.2**	58.6	28

Our Asia Pacific business represented 39% of Group revenue (2012: 41%) and our overseas businesses as a whole represented 49% of Group revenue (2012: 51%), reflecting, in part, the strong revenue growth in the UK. Our Commercial Transaction Advisory businesses in both Asia and the UK grew strongly on the back of increased international inflows of investment capital; indeed in the UK we acted on over 40% of transactions involving Asian or Middle Eastern investors.

Our performance by service line is set out below:

	Revenue £m			Underlying Profit/(Loss) £m		
	2013	2012	% growth	**2013**	2012	% growth
Transaction Advisory	**358.2**	310.0	16	**47.2**	31.8	48
Property Management	**329.0**	300.6	9	**17.6**	17.9	(2)
Consultancy	**191.6**	172.2	11	**17.6**	14.0	26
Investment Management	**26.0**	23.5	11	**2.9**	3.6	(19)
Other/Unallocated	**n/a**	0.1	n/a	**(10.1)**	(8.7)	(16)
Total	**904.8**	806.4	12	**75.2**	58.6	28

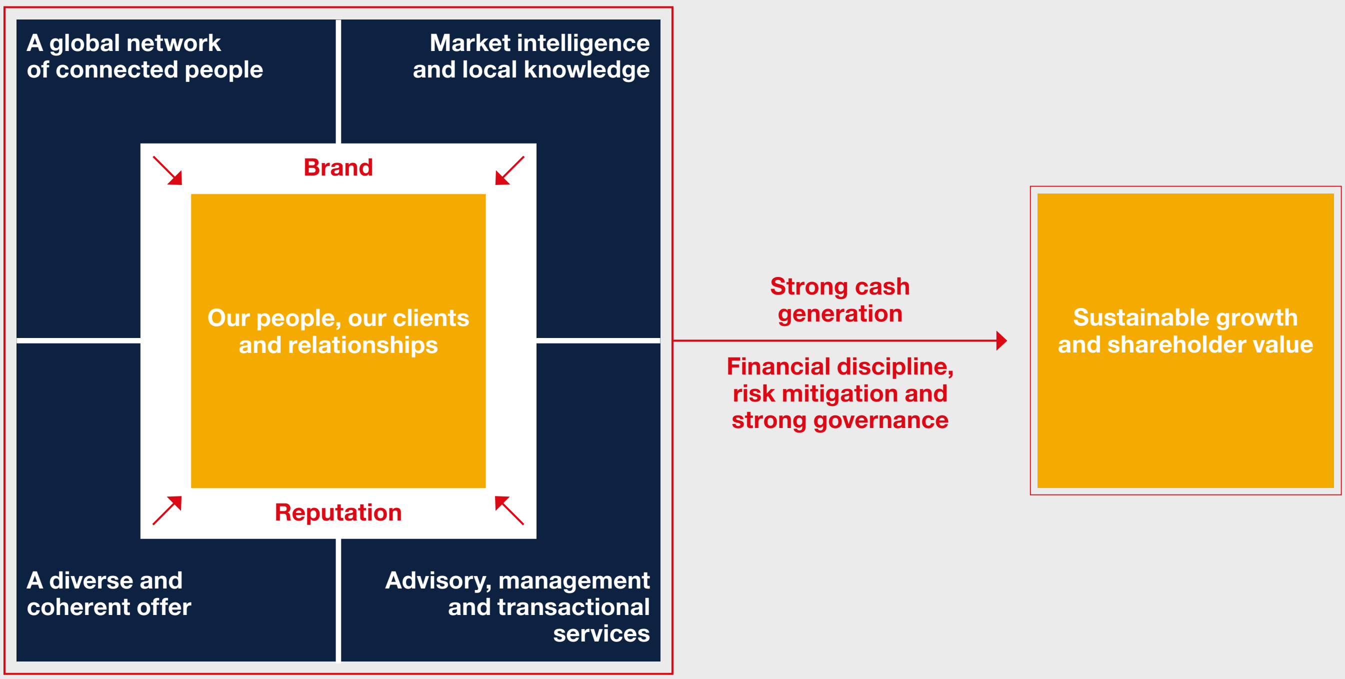
Overall our Prime Commercial and Residential Transaction business revenues together represented 40% of Group revenue (2012: 38%). Of this, the Residential Transaction Advisory business represented 16% of Group revenue for the year (2012: 14%). Our Property and Facilities Management businesses continued to perform well, growing overall revenue by 9%, with expansion costs holding back profit growth. The business represented 36% of revenue (2012: 37%). Consultancy remained proportionately constant at 21% of revenue but substantially increased profits by 26%. The Investment Management business showed growth in revenue and AUM, but acquisition, reorganisation and expansion costs adversely affected profitability during the period.

People

I am delighted that Savills business was awarded property agency of the year awards in the UK, Malaysia, Singapore and Vietnam. Also in the UK, Savills was named the Property Industry Superbrand of the Year for the fifth consecutive year and we won The Times Graduate Recruitment Award for Property for the seventh consecutive year. In the UK we were ranked no. 1 in the first annual Agents League table by EGi London Offices Research. In the competitive Prime Central London Office market we topped the list of advisers with a market share of over 30%. These awards are a testament to the strength of our people and as always I thank them for their continued commitment, loyalty and hard work.

Business model

Our business model



Our business model above illustrates in simple terms how we create shareholder value, qualitatively, through improving the strength of our premium brand, and quantitatively, through the delivery of profits and dividends to shareholders. We treat every client as an individual and take time to understand what they need and how we can best service them. We do this by:

Delivering value

We deliver consistently high quality, client-focused real estate advisory services, offering a broad range of specialist advisory, management and transactional services in the key global markets in which we operate. Recognising that owners and occupiers are increasingly global in their outlook, we deliver this through the disciplined development of our operational capability, which creates opportunity and progressively enhances our service offering in our chosen markets. Approximately 40% of our revenue is generated by Transaction advisory fees; the remainder comes from non-transactional business by way of fees for Property and Facilities Management and Consultancy services and the remainder from Investment Management fees.

A diverse, coherent offer

We actively diversify from a business and geographic perspective with the aim of mitigating the risk of exposure to any one economy or market. We have cultivated a diverse client base drawn from small local businesses, private individuals, global blue-chip investors and occupiers, government departments and local government and health authorities. We have built and maintained our position as a leading player in both the prime residential and prime commercial real estate markets, aligning with the global trend amongst private and institutional investors to recognise both types of real estate as an investment asset class.

This also supports our ability to advise on all aspects of multi-use development schemes worldwide. We recognise that real estate transaction markets are cyclical, so we seek to provide a combination of services, in part to mitigate transactional volatility with less cyclical offerings. This is combined with our ongoing drive for cost efficiency and margin improvement and the maintenance of a prudent capital structure to enable us better to withstand the overall cyclicality of our core transactional markets.

People at the core

We have ensured that our stakeholders choose us by building our brand and reputation on the quality of our people, relationships, resources and processes. All that we do is underpinned by strong governance and high standards of responsibility, which supports the sustainable development of our business. More detail of our governance structure, policies and practices can be found later in this Annual Report on pages 38 to 72.

Because of our personal approach to business, our people are fundamental to our business and we have worked hard to ensure that they enjoy working at Savills, to promote their personal and professional development, to encourage them to develop their careers within the Group and to share in the success of the business.

We firmly believe that our people are key to delivering excellent service to our clients and achieving our objectives, they give us a unique perspective of the markets in which we operate and connect our clients with real estate opportunities and market intelligence. By choosing Savills, our clients have access to over 26,000 staff with a broad range of experience, competencies and local knowledge, based in offices in key real estate locations across the globe and benefit from our extensive market research material.

Market insights

Dublin

Ireland's improving economic performance was reflected in the level of activity in the commercial property market in 2013, with transactions in all sectors increasing year on year.

The investment property market saw almost €2bn worth of deals completed by the end of the year. This is compared to a figure of just €25m in 2010.

170,000 sq m

The total take-up of office space in Dublin was 170,000 sq m – the strongest level since 2008.

Understanding our business and the markets in which we operate is vital to providing the services that our clients require. We do this by using a combination of comprehensive market and economic research complemented by the knowledge and experience of our people. We believe this gives us a unique perspective of the prime real estate markets around the world and helps us connect clients with opportunities.

We estimate that the value of all global real estate totals around US$180tn, of which c.83% are residential assets and the remainder commercial. Investable commercial property totals around US$20tn globally divided almost equally between private and corporate/institutional investors. In 2013, large real estate transactions were distributed in similar proportions between sectors across the globe, with the notable exception of China where there were very high levels of development land deals. In commercial, cross-border investable real estate, offices continued to dominate the large deals, followed by retail – except in the US where let residential apartments in purpose-built blocks were favoured ahead of retail property. Industrial units and hotels by volume represent small asset allocations in all jurisdictions.

In the world of private wealth, directly-owned residential property forms an important component of real estate portfolios. We have identified total global residential holdings of US$5.2tn among ultra high net worth individuals – averaging US$15m per individual. Highlights from a few of the cities in which we operate, chosen to give context to our business model and corporate strategy are on pages 7 to 25.

Sydney

One of very few AAA rated economies left on the planet, Sydney attracts investors due to its large, stable, transparent and liquid property market. Annual investment volume in all Sydney office markets reached AU$4.7bn, industrial AU$1.4bn and retail AU$2.4bn.


$2.1bn
Foreign investors bought 45% or $2.1bn of office buildings in Sydney in 2013.


35%
Leasing activity in the Madrid office market rose by 35% in 2013.

Madrid

Improved economic forecasts and prime market indicators have drawn international investors' attention and confidence back to Spain. Annual investment volume in 2013 reached c.€500m with a significant increase in overseas investors: 55% in 2013 (2012: 24%).

Market insights
continued

Tokyo

Amid signs of a cyclical recovery in property fundamentals, Japan's improved economic outlook has fostered strong competition for investment opportunities in the capital city. Tokyo's total property transaction volume jumped 71% compared to 2012, with strong demand from both onshore and offshore investors.


97%
Office transactions worth over JPY1.7tn (£11.4bn) were recorded, up 97% year on year.


£15bn
of investment in commercial real estate flowed into London in 2013.

London

Central London is the number one global destination for cross-border investment into commercial real estate with some £15bn of investment flowing to the capital in 2013.

The prime London residential market continued to perform strongly. Price growth at 11.4% was driven by a combination of overseas and domestic demand, with the strongest growth seen in the south west London markets. New buyers registering with Savills remain at a high level.

Key performance indicators

Financial KPIs

Revenue
(£m)

2013	**904.8**
2012	806.4
2011	721.5
2010	677.0
2009	560.7

The measure: Revenue growth is the increase/decrease in revenue year on year.

The target: To deliver growth in revenue from expansion both geographically and by business segment.

Underlying profit
(£m)

2013	**75.2**
2012	58.6
2011	50.4
2010	47.3
2009	25.2

The measure: Underlying profit growth is the increase/decrease in underlying profit year on year.

The target: To deliver sustainable growth in underlying profit.

Underlying profit margin
(%)*

2013	**8.3**
2012	7.3
2011	7.0
2010	7.0
2009	4.5

The measure: Profitability after all operating costs but before the impact of exceptional costs, financing, taxation, and the results of associates and joint ventures.

The target: To deliver growth in operating margin by improving the efficiency with which services are offered.

Cash generation
(£m)

2013	**70.8**
2012	59.7
2011	35.7
2010	68.4
2009	39.7

The measure: The amount of cash the business has generated from operating activities.

The target: To maintain strong cash generation to fund working capital requirements, shareholder dividends and strategic initiatives of the Group.

Underlying earnings per share (p)

2013	**43.1**
2012	33.9
2011	29.0
2010	27.9
2009	14.5

The measure: Earnings per share ('EPS') is the measure of profit generation. EPS is calculated by dividing underlying profit by the weighted average number of shares in issue.

The target: To deliver growth in EPS to enhance shareholder value.

Non-financial KPIs

Property under management
(million sq ft)

2013	**2,031.7**
2012	1,754.5
2011	1,359.6
2010	1,104.6
2009	896.2

The measure: Total sq ft property under management.

The target: To progressively increase the global square footage under management.

Geographical spread
(% non-UK)

2013	**48.9**
2012	51.0
2011	51.2
2010	50.8
2009	48.6

The measure: Geographical diversity is measured by the spread of revenues by region.

The target: To progressively balance the Group's geographical exposure through expansion in our chosen geographic markets.

Breadth of service offering
(% non-Transactional income)

2013	**60.4**
2012	61.6
2011	61.8
2010	60.0
2009	64.8

The measure: Revenue by type of business.

The target: To maintain a healthy balance of Transactional and non-Transactional business revenues.

Assets under management
(£bn)

2013	**4.2**
2012	3.6
2011	2.8
2010	2.8
2009	2.5

The measure: Growth in assets under management of our Investment Management business Cordea Savills LLP.

The target: To increase the value of investment portfolios through portfolio management, new mandates and the launch of new funds.

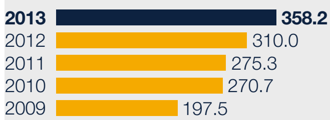
* Underlying profit is calculated by adjusting reported pre-tax profit for profit/loss on disposals, share-based payment adjustment, impairment and amortisation of goodwill and intangible assets (excluding software), other impairments and restructuring costs (refer to Note 2 to the Financial statements).

Segmental reviews

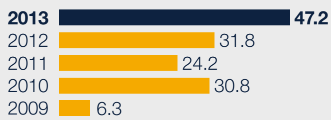
The Savills Group advises on commercial, rural, residential and leisure property. We also provide corporate finance advice, investment management and a range of property related financial services. Operations are conducted internationally through four business streams:

Transaction Advisory

Revenue
£358.2m +16%



Underlying profit before tax*
£47.2m +48%



Contribution to Group revenue
a. Transaction Advisory – 40%
b. Rest of Group – 60%

Services
Acquisitions
Divestments
Leasing and rentals
Sales and leaseback
Capital raising

2013 clearly demonstrated the strength of our geographic spread of businesses as improved performances in a number of countries outweighed the anticipated significant reduction in activity in Hong Kong and Singapore. This, in conjunction with an exceptionally strong finish to the year in the UK, resulted in the substantial increase in revenue, profit and margin delivered by our Transactional Advisory business as a whole. Revenue grew by 16% to £358.2m (2012: £310.0m) and underlying profit increased by 48% to £47.2m (2012: £31.8m). The underlying profit margin of the Transaction Advisory business increased to 13.2% (2012: 10.3%).

UK Residential

The prime residential market, where Savills is a market leader, continued to perform well with Savills trading volumes increasing by 8% year on year. The value of UK residential property (excluding new developments) sold by Savills during the year rose 15% to £6.1bn. In the London market the volume of property transactions increased by approximately 13% year on year with a similar increase in average price to £3.2m. In the Country market the volume of exchanges increased by approximately 5%, with the average price remaining stable at £1.0m. In the last quarter there was a significant rise in prime regional house prices of 1.5%; the strongest quarterly rise in this market for three years. In the new development market we saw a significant increase in transactions with the volume exchanged increasing by 24% to £1.9bn, buoyed by continued strong interest in high quality developments in London from both domestic and overseas buyers and good levels of stock availability. The Residential Transaction Advisory business overall increased revenue by 22% to £118.0m (2012: £97.0m).

Despite Central London's relative strength as a market, Savills sales volumes in this market still remain 15% below the 2007 peak. Equity-rich full time London residents represent the principal buyers in this market. Outside Central London improved availability of mortgage finance began to help transaction volumes but they still remain 26% below the 2007 peak. In addition, strong price recovery of over 10% in prime 'outer commuter' zone cities such as Oxford, Cambridge and Winchester demonstrated the impact of the continued buying power of London equity as it was selectively deployed regionally.

During the year we opened new offices in London, Brook Green, Clapham, Marylebone and also in Reading and rationalised some regional office space as part of the Savills UK merger.

The Residential Transaction Advisory business, as a whole, recorded a 34% increase in underlying profits to £19.0m (2012: £14.2m).

Asia Pacific Commercial

The Asia Pacific Commercial business enjoyed a stronger year than we originally expected, driven by substantially improved earnings in Australia, Korea and Japan. This mitigated the effect of the anticipated reduction in transaction volumes in Hong Kong as investors reacted to the impact of significant tax increases on commercial investments in that market. Revenue grew by 1% to £99.3m (2012: £98.4m). On a constant currency basis, this represented an increase of 3% year on year.

In mainland China, where we have 13 offices, our business continued to grow well with Transaction Advisory revenues increasing by 15% year on year. Our Hong Kong Commercial transaction revenue declined by 19% as market volumes reduced significantly during the latter part of the year. Our Japanese business grew transaction revenue by over 120% on further strengthening of activity levels in the region. Our businesses in Australia and Korea, also increased transaction revenues which made up for shortfalls primarily in Hong Kong. Overall, the Asia Pacific Commercial Transaction Advisory business recorded a 14% increase in underlying profit to £16.6m (2012: £14.6m). The increase in underlying profit in constant currency was 19%.

UK Commercial

Revenue from UK commercial transactions increased 22% to £73.4m (2012: £60.4m). This performance reflected significant gains in our share of Prime Central London transactions where we were involved in over 30% of office transactions by value and over 40% of all transactions involving Middle Eastern or Asian investors. London continued to be the focal point for overseas investment interest which drove the overall market value of transactions to a record £20.6bn.

The Central London occupier market saw a strong recovery in tenant demand in 2013, with the overall take-up for the City, West End and Docklands reaching 12m sq ft (a 46% increase on the previous year). Take-up in the West End of London was 37% up on the total for 2012 at 4m sq ft, and in the City the total rose by 52% to just over 7m sq ft. The City of London saw a particularly strong rise in the number of lettings of 50,000 sq ft and above, with 29 lettings in 2013 compared to 15 in 2012.

Our regional business benefited from the recovery in tenant demand for office space with take-up inside the M25 and top seven regional city office markets rising by 37% to reach nearly 9m sq ft.

As economic conditions improved in regional markets, we saw a significant recovery in investment volumes as investors sought improved returns outside London. All asset classes benefited, with retail logistics particularly strong. Overall the regional

Las Ramblas, Barcelona

Exclusive agent in the €30m sale of approximately 38,000 sq ft of retail space located on the iconic Barcelona thoroughfare, Las Ramblas.

Commercial business reported a 27% rise in revenue and an increase in profits of approximately 90% demonstrating the strength of this business.

The strength of London and progressive recovery in the regions resulted in the UK Commercial Transaction Advisory business increasing underlying profit by 58% to £10.3m (2012: £6.5m) with margin improvement to 14.0% (2012: 10.8%).

Continental Europe

The Continental European Commercial business saw revenue increase by 28% to £38.0m (2012: £29.6m). In constant currency the underlying increase was 23%. There was a substantial improvement in Ireland, where Savills had the majority share of the transactional market, which was itself characterised by demand from international private equity funds for distressed asset and portfolio sales. Transactional Advisory revenues also improved significantly in Germany, Spain, Sweden and Poland as investor sentiment began to recover. By comparison, leasing markets particularly in France and Germany remained relatively subdued.

In Q4 2013, the residual Savills business in Italy was restructured to focus solely on valuation and consultancy. In Germany, new management undertook a substantial reorganisation of both the investment and leasing teams, with each now under new leadership. In addition the management team in Sweden was reorganised. These activities gave rise to significant recruitment and termination costs, which were included in an improved Transactional Advisory underlying pre tax loss of £3.0m (2012: £6.0m loss). Overall, the Continental European Transactional Advisory business commenced 2014 in a substantially improved position both operationally and in respect of its pipeline of instructions.

Asia Pacific Residential

The Residential Transaction Advisory business in Asia is focused primarily on new developments and secondary sales and leasing of prime properties in selected markets. It excludes mixed use developments, which represent a significant proportion of the region's activity and are accounted for within the Commercial Transaction Advisory business. Overall, the Asia Pacific Residential business recorded a 23% increase in revenue to £22.7m (2012: £18.5m). The primary contributors to this increase were Australia and China, with significant intra-regional cross-border activity in the prime markets. Due to its focus on the high end market only, our Hong Kong residential agency saw revenue decline by only 8% against broader mass market volumes which declined substantially by c. 40% as a result of further government control measures introduced in the first half of the year. These factors, together with tight cost control in uncertain markets resulted in the region reporting a 28% increase in underlying profit to £5.9m (2012: £4.6m).

US

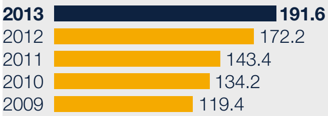
The revenue of our New York based Investment Advisory business improved by 11% to £6.8m (2012: £6.1m). The Multifamily and Cross-border teams acted on a number of substantial transactions during the period and the overall business has a much improved pipeline going into 2014.

The underlying loss for the year reduced to £1.6m (2012: £2.1m loss).

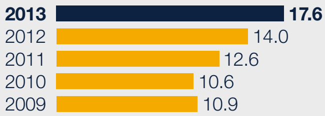
Segmental reviews
continued

Consultancy

Revenue
£191.6m +11%



Underlying profit before tax*
£17.6m +26%



Contribution to Group revenue
a. Consultancy – 21%
b. Rest of Group – 79%

Services
Affordable Housing and Student Accommodation
Building Consultancy
Capital Allowances and Rating
Development
Environmental Consultancy
Housing Consultancy
Lease Consultancy
Planning
Public Sector
Research
Strategic Projects

Our Consultancy business substantially improved both revenue and profits, demonstrating the strength of its diversified spread of services. Global Consultancy revenue increased by 11% to £191.6m (2012: £172.2m) and underlying pre-tax profit grew by 26% to £17.6m (2012: £14.0m).

UK
Consultancy service revenue in the UK increased by 12% to £148.7m (2012: £132.3m). There were strong all round performances in Valuation, Planning, Development Services and Rural energy and project advisory services which contributed to this improvement. Our Planning and Valuations teams enjoyed strong revenue growth as the regional market began to recover. Overall underlying profit from the UK Consultancy business increased by 23% to £14.3m (2012: £11.6m).

Asia Pacific
Revenue in the Asia Pacific Consultancy business was flat at £27.3m (2012: £27.6m) with increased valuation and feasibility study assignments in mainland China, Japan and Singapore being offset by reductions in activity, particularly in Hong Kong and Korea. Underlying profit declined by 34% to £1.9m (2012: £2.9m) as a result of one off termination costs in relation to a non core business line and fewer high value IPO-related consultancy assignments.

Continental Europe
Our Continental European Consultancy business, which principally comprises valuation and corporate finance advisory services, increased revenue by 27% to £15.6m (2012: £12.3m). There were significantly stronger performances in Germany, Ireland, Sweden and France. Improved trading performance together with cost reduction measures taken in Sweden in late 2012 enabled the Continental European Consultancy business to return to profitability, posting an underlying profit of £1.4m (2012: loss £0.5m).

Twin Tree Towers, Seoul

Acting as exclusive adviser to the vendor, we were instrumental in achieving a sale price of $316m for the Twin Tree Towers, Seoul, Korea comprising approximately 594,200 sq ft of prime office space.

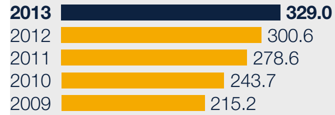

594,200 sq ft
of prime office space.

One Stockton Street, San Francisco

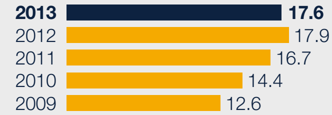
Acted as advisor in the portfolio sale of two landmark retail assets in San Francisco's ultra-prime Union Square submarket at One Stockton Street which comprises a highly prominent purpose built retail store of 16,987 sq ft. The portfolio sold for a total investment consideration of $160m to a US-based private investor.

Property and Facilities Management

Revenue
£329m +9%



Underlying profit before tax*
£17.6m -2%



Contribution to Group revenue
a. Property and Facilities Management – 36%
b. Rest of Group – 64%

Services
Asset Management
Facilities Management
Commercial Management
Rural Management
Project Management

Our Property and Facilities Management businesses continued to perform strongly, growing revenue by 9% overall. Underlying profit declined by 2% to £17.6m (2012: £17.9m) due primarily to reorganisation costs in Europe and recruitment costs in UK residential management, primarily related to growing our London lettings business.

Asia Pacific

Overall the business grew revenue by 10% to £205.1m (2012: £186.5m). The Property and Facilities Management business is a significant strength for Savills in Asia, complementing our Transaction Advisory businesses in the region. The total square footage under management in the region was up 16% to approximately 1.8bn sq ft (2012: 1.6bn sq ft). In mainland China, revenue increased by 22% and profits returned to growth of 19%. In Hong Kong, Property and Facilities Management revenue grew by just under 12% and profits by 10% as the benefits of 2012's management reorganisation started to come through. Improved results from Project Management also contributed to a strong recovery in profits in Australia. In the Japanese Asset Management business the 2012 comparative included an unusually significant one-off refinancing assignment fee which limited growth to 6% in the underlying profit of the Asia Pacific Property Management business at £11.1m (2012: £10.5m).

UK

Overall, our UK Property Management teams, comprising Commercial, Residential and Rural, grew revenue by 12% to £96.2m (2012: £85.8m). The core UK Commercial Property Management business performed well with revenue growth of 12% and an 18% improvement in underlying profit. Our Residential Property Management businesses, including lettings, increased revenue by 12%. The Residential management business and the UK Commercial business together grew area under management by 25% to approximately 170m sq ft (2012: 136m sq ft). Underlying profit growth was restricted as a result of the significant expansion of the Lettings and Management business through office openings and team recruitment during the period, which reduced profit by £0.4m. Overall the net effect of revenue growth and investment in the UK business improved underlying profit by 11% to £8.8m (2012: £7.9m).

Continental Europe

In Continental Europe revenue declined by 2% to £27.7m (2012: £28.3m). The underlying loss for the year increased to £2.3m (2012: loss £0.5m). The loss of a significant contract in Sweden, the impact of successful asset sales in Ireland and significant expansion costs in Poland temporarily masked the effect of improved performances and contract wins elsewhere in the region, most notably in France. By the year end the total area under management had decreased by 13%; however, there are some significant contract wins due to come on stream in 2014.

Segmental reviews
continued

Lloyds of London

Acting as an adviser to our client, CommerzReal, achieving £260m on the sale of the iconic London landmark building, Lloyds of London, to a leading Chinese insurance company.

Investment Management

Revenue
£26m +11%

2013	**26.0**
2012	23.5
2011	20.8
2010	19.0
2009	17.4

Underlying profit before tax*
£2.9m -19%

2013	**2.9**
2012	3.6
2011	4.7
2010	3.4
2009	2.9

Contribution to Group revenue
a. Investment Management – 3%
b. Rest of Group – 97%

Services
Pooled Funds
Portfolio Management
Segregated Accounts
Investment Mandates

Cordea Savills revenue increased by 11% to £26.0m (2012: £23.5m). AUM increased by 17% to £4.2bn (2012: £3.6bn) through the combination of new segregated mandates, investment performance and inflows into existing funds. The Prime London Residential Development Fund successfully completed a number of development funding transactions and substantial investment capacity was deployed both through increases in existing mandates and new advisory appointments. In the summer, Cordea Savills entered an agreement to purchase Merchant Capital KK in Japan. Completion is expected to occur in Q2 2014 and the acquisition gave rise to costs of £0.3m which were charged in 2013. These, together with certain UK-related restructuring costs, temporarily reduced the underlying profit margin to 11.2% (2012: 15.3%) reducing underlying profits by 19% to £2.9m (2012: £3.6m). Having completed a year of change and operational development, Cordea Savills is well positioned to grow its business and entered 2014 with new investment capacity of over £500m.

Summary

Overall in 2013, Savills delivered a strong performance helped by a strengthening of the UK economy and Central London retaining its status as the number one destination for worldwide real estate investor demand. Our leading market shares in both the prime residential and commercial markets enabled us to benefit from improvements in the UK market as a whole. In Asia the breadth of our business ensured that we successfully withstood the current decline in activity in Hong Kong through the considerably improved performance of our businesses in the major markets of China, Japan and Australia.

Our Continental European business delivered its target of a material reduction in losses, despite incurring significant reorganisation and expansion costs and our Cordea Savills Investment Management business continued to grow its AUM, with further expansion in the pipeline for 2014. Whilst the Transactional Advisory business provided the majority of our profit improvement, our strong Property Management and Consultancy businesses continued to provide a solid foundation and support for this performance. We entered 2014 with confidence and a continued focus on improving the breadth and depth of our services across the globe to our increasingly multi-national client base.

Jeremy Helsby
Group Chief Executive

Strong revenue and profit growth including margin improvement led to the Group's robust £112m net cash position at year end and supports a 19% increase in the dividends for the year.

Simon Shaw
Group Chief Financial Officer

Financial highlights

- Group revenue up 12% to £904.8m (2012: £806.4m)
- Underlying Group profit before tax* up 28% to £75.2m (2012: £58.6m restated for IAS 19)
- Group profit before tax up 35% to £70.1m (2012: £52.0m restated for IAS 19)
- Underlying pre-tax profit margin increased to 8.3% (2012: 7.3%)
- Underlying basic EPS grew 27% to 43.1p (2012: 33.9p restated for IAS 19)
- Total dividend for the year up 19%. Final ordinary and supplementary interim dividends total 15.5p per share (2012: 12.7p) taking the total dividend for the year to 19.0p per share (2012: 16.0p)

Underlying profit margin

Underlying profit margin increased to 8.3% (2012: 7.3%) reflecting the effect of improved margins in Transaction Advisory and Consultancy businesses and the temporary margin reductions associated with Property Management and Investment Management growth and restructuring initiatives.

Net interest

Net finance cost in the year was £0.6m (2012: £1.3m restated for IAS 19). With continuing low interest rates this primarily reflects efficiencies in treasury management and higher average net cash balances during the year.

Taxation

The tax charge for the year increased to £18.7m (2012: £14.9m restated for IAS 19). The effective tax rate on reported profits decreased to 26.7% (2012: 28.7% restated for IAS 19) largely reflecting the reduction in the UK tax rate. The underlying effective tax rate was 25.9% (2012: 27.3% restated for IAS 19).

Restructuring and impairment charges

During the period the Group incurred an aggregate restructuring charge of £5.2m (2012: £4.0m). This primarily related to the merger of the two UK trading businesses into Savills (UK) Limited, which became effective on 1 January 2013. The charge comprised amounts in respect of the closure of some regional offices, an onerous lease provision and the amalgamation of two West End offices into one new head office at 33 Margaret Street. Of the overall £5.2m charge, approximately £0.6m related to the reduction of the range of business services provided in Italy to focus on Consultancy and Investment Management. Other reorganisation costs of approximately £1.2m were incurred in parts of Continental Europe and the Investment Management division in the normal course of business and have been included within the calculation of Underlying pre-tax profit for the year.

No impairment charges were recognised during the year (2012: £1.2m).

The £5.2m restructuring charge has been excluded from the calculation of underlying profit before tax in line with existing Group policy.

Earnings per share

Basic earnings per share increased by 35% to 39.8p (2012: 29.4p restated for IAS 19). Adjusting on a consistent basis for restructuring costs and impairment charges, profits and losses on disposals, certain share-based payment charges and amortisation of intangible assets (excluding software), underlying basic earnings per share increased by 27% to 43.1p (2012: 33.9p restated for IAS 19).

Fully diluted earnings per share increased by 35% to 38.1p (2012: 28.2p restated for IAS 19). The underlying fully diluted earnings per share increased by 28% to 41.4p (2012: 32.4p restated for IAS 19).

Cash resources, borrowings and liquidity

Year end gross cash and cash equivalents increased 32% to £122.2m (2012: £92.8m) reflecting improved profits and working capital during the period.

Gross borrowings at year end increased to £9.8m (2012: £1.2m). These included £0.8m in respect of a working capital loan in Australia and a £9.0m term loan to finance the fit out of the Group's new UK Headquarters in London. The original amount of the loan was £12.0m. This will be amortised over the residual rent free period (to May 2015), which was granted on the inception of the lease in December 2012.

Cash is typically retained in a number of subsidiaries in order to meet the requirements of commercial contracts or capital adequacy. In addition, cash in certain territories is retained to meet future growth requirements where to remit it would result in the Group suffering withholding taxes.

The Group's cash flow profile is biased towards the second half of the year. This is as a result of seasonality in trading and the major cash outflows associated with dividends, profit related remuneration payments and related payroll taxes in the first half. The Group cash inflow for the year from operating activities was £70.8m (2012: £59.7m), primarily as a result of improved trading in the Transaction Advisory business. As much of the Group's revenue is transactional in nature, the Board's strategy is to maintain low levels of gearing, but retain sufficient credit facilities to enable it to meet cash requirements during the year and finance the majority of business development opportunities as they arise. During the year the Group's £65.0m revolving credit facility ('RCF'), which was due to expire on 31 March 2014, was replaced with a £90.0m RCF provided by three banks. The RCF expires on 19 June 2017 and includes an 'Accordion' facility to enable the Group to borrow up to an additional £90.0m, should an appropriate need arise.

Capital and shareholders' interests

During the year ended 31 December 2013, 1.0m new shares were allotted to participants exercising their options under the Sharesave Scheme and the Executive Share Option Scheme (2001). No shares were repurchased for cancellation (2012: nil). The total number of ordinary shares in issue at 31 December 2013 was 134.3m (2012: 133.3m).

* Refer to definition on page 16.

Savills Pension Scheme

The funding level of the Savills Pension Scheme, which is closed to future service-based accrual, improved during the year as a result of the rise in asset values through increased contributions and investment returns. The plan deficit at the year end amounted to £12.7m (2012: £27.9m).

Comparative figures in the financial statements have been adjusted to give effect to revised International Accounting Standard no. 19 'Employee Benefits', which came into effect from 2013. The net effect on underlying pre-tax profit ('UPBT') was to reduce the reported comparative for 2012 by £2.2m to £58.6m (2012: previously reported UPBT £60.8m).

Net assets

Net assets as at 31 December 2013 were £270.8m (2012: £233.1m). This movement reflected increased tangible assets, receivables and cash balances derived from the Group's trading performance together with reduced provisions for retirement and employee benefit obligations.

Key performance indicators

The Group uses a number of key performance indicators (KPIs) to measure its performance and review the impact of management strategies. These KPIs are detailed under the Key Performance Indicators section on page 16. The Group continues to review the mix of KPIs to ensure that these best measure our performance against our strategic objectives, in both financial and non-financial areas.

Financial policies and risk management

The Group has financial risk management policies which cover financial risks considered material to the Group's operations and results. These policies are subject to continuous review in light of developing regulation, accounting standards and practice. Compliance with these policies is mandatory for all Group companies and is reviewed regularly by the Board.

Treasury policies and objectives

The Group Treasury policy is designed to reduce the financial risks faced by the Group, which primarily relate to funding and liquidity, interest rate exposure and currency rate exposures. The Group does not engage in trades of a speculative nature and only uses derivative financial instruments to hedge certain risk exposures. The Group's financial instruments comprise borrowings, cash and liquid resources and various other items such as trade receivables and trade payables that arise directly from its operations. Surplus cash balances are generally held with A rated banks and the Group places surplus deposits with AAA rated institutional money market funds.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings, at both fixed and floating interest rates. Borrowings issued at variable rates expose the Group cash flow to interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain at least 70% of its borrowings in fixed rate instruments.

Liquidity risk

The Group prepares an annual funding plan which is approved by the Board and sets out the Group's expected financing requirements for the next 12 months. These requirements are ordinarily expected to be met through existing cash balances, loan facilities and expected cash flows for the year.

Foreign currency

The Group operates internationally and is exposed to foreign exchange risks. As both revenue and costs in each location are generally denominated in the same currency, transaction related risks are relatively low and generally associated with intra group activities. Consequently, the overriding foreign currency risk relates to the translation of overseas profits and losses into sterling on consolidation. The Group does not actively seek to hedge risks arising from foreign currency translations due to their non-cash nature and the high costs associated with such hedging. The net impact of foreign exchange rate movements in 2013 was a £1.8m increase in revenue (2012: £0.6m decrease) and a decrease of £0.4m in underlying profit (2012: £0.6m increase).

Simon Shaw
Group Chief Financial Officer

Risks and uncertainties facing the business

Identifying and managing our risks

The Board is responsible for our system of risk management and internal control. Risk is a recognised part of the Group's every day activities. Risk management is viewed as the systematic identification and treatment of those risks that pose a threat to our business strategy and objectives.

The Board sets the Group's appetite for risk in pursuit of strategic objectives, and the level of risk that can be taken by the Group and its operating companies without specific Board approval. Group policies and delegated authority levels set by the Board provide the means by which risks are reviewed and escalated to the appropriate level within the Group, up to and including the Board, for review and confirmation.

We have a clear framework for identifying and managing risk, both at an operational and strategic level. Our risk identification and mitigation processes have been designed to be responsive to the ever changing environments in which we operate.

The following chart summarises our business risk management structure.

Roles and responsibilities

The Board regularly reviews the Group's key risks and is supported in the discharge of this responsibility by various committees, specifically the plc Audit Committee and the Group Risk Committee.

The risk management roles and responsibilities of the Board, its Committees, and business management are set out below.

1. plc Board

Responsibilities

- Responsible for the Group's systems of risk management and internal control
- Determine Group appetite for risk in achieving its strategic objectives

plc Audit Committee

- Review the effectiveness of Group internal controls, including systems to identify, assess, manage and monitor risks

Actions

- Issue and review Group risk management policy
- Annually review effectiveness of Group risk management and internal control systems
- Receive regular reports on internal and external audit and other assurance activities
- Receive regular risk updates from subsidiaries and functions
- Evaluate and assess Group-wide risks and the effectiveness of mitigating actions
- Review and approve Group Policies

2. Group Executive Board

Responsibilities

- Strategic leadership of the Group
- Responsible for ensuring that the Group's risk management and other policies are implemented and embedded
- Ensure appropriate actions are taken to manage strategic risks and key risks arising

Group Risk Committee

- Review by Group management of Group and subsidiary risks and effectiveness of risk management processes

Actions

- Review of risk management and assurance activities and processes
- Monthly/quarterly finance and performance reviews

3. Executive Boards

Responsibilities

- Responsible for risk management and internal control systems within their regions
- Ensure that operating companies' responsibilities are discharged

Actions

- Review key risks and mitigation plans
- Review results of assurance activities
- Escalate key risks to Group management and Group Executive or plc Boards

4. Heads of the Group functions and operating companies

Responsibilities

- Maintain an effective system of risk management and internal control within their function/operating company

Actions

- Regularly review operational, project, functional and strategic risks
- Review mitigation plans
- Plan, execute and report on assurance activities as required by region or Group

Risks and uncertainties facing the business
continued

Principal risks

Our consideration of the key risks and uncertainties relating to the Group's operations, along with their potential impact and the mitigation in place, is set out below. It is not possible to mitigate fully all of our risks and there may be other risks and uncertainties besides those listed below which may also adversely affect the Group and its performance. More detail can be found in the Audit Committee Report on pages 47 to 50.

Key risk: Achieving the right market positioning in response to the needs of our clients

Strategic objective: • Business diversification • Strength in residential and commercial markets • Geographical diversification • Commitment to clients

Change from 2012 ↔

Description

The markets in which we operate remain highly competitive. Competition could lead to a reduction in market share and a decline in revenue. Our focus is on both retaining existing clients as well as acquiring new ones by ensuring that we continue to reflect the changing needs of those clients.

Mitigation

To remain competitive in all markets, it is imperative that we continue to promote and differentiate our strengths while continuing to provide the quality of client care and service that our clients expect from us. This need drives our strategy to continuously grow the capabilities and strengthen the services offered by the Group. We continue to invest in the development of client relationships globally and associated systems to support our client service offering.

Key risk: Economic/country and currency risks

Strategic objective: • Geographic diversification • Financial strength

Change from 2012 ↑

Description

Global market conditions remain volatile, with economic uncertainty in certain of our sectors and markets (particularly Hong Kong). Group earnings and/or our financial condition could be adversely affected by these macroeconomic uncertainties. Savills operates in a large number of countries which increases the risk that we will be affected by geopolitical and/or economic uncertainties associated with doing business in those jurisdictions.

Mitigation

Our strategy of diversifying our service offering and geographic spread mitigates the impact on the business of weak market conditions in specific geographies, but these factors cannot entirely mitigate the overall risk to earnings. To reduce the potential impact of these risks, we continually focus on our cost base and seek to improve operational efficiencies.

Our continual monitoring of market conditions and review of market changes against our Group strategy, supported by the quarterly reforecasting and reporting undertaken by all of our businesses, remain key to our ability to respond rapidly to changes in our operating environment.

Our exposure to countries currently with financial difficulties/implementing austerity measures is balanced by our business in other more stable markets. When considering entry into a new country we undertake due diligence to assess the impact of any political or economic issues in that particular country.

We recognise that there is a currency risk attached to operating in a large number of countries, particularly given the transaction element of our business.

We minimise the risk as far as possible in local operations through natural hedging by ensuring that revenue and costs are managed in the local currency.

Key risk: Changes in the regulatory environment could affect our business

Strategic objective: • Commitment to clients

Change from 2012 ↔

Description

We are required to meet a broad range of regulatory compliance requirements in each of the markets in which we operate. For example:

- in many jurisdictions (eg China) we operate under strictly enforced licences, which are subject to periodic review
- in the UK, the Financial Conduct Authority (FCA) regulates the conduct of Savills Capital Advisors and Cordea Savills Investment Management, and the insurance intermediary services we provide to clients in Savills UK; the UK Office of Fair Trading regulates our Residential business in the UK and a number of the services we provide through our UK businesses are regulated by The Royal Institution of Chartered Surveyors (RICS).

Failure to satisfy regulatory compliance requirements may result in fines being imposed, adverse publicity, brand-reputational damage and ultimately the withdrawal of regulatory approvals.

We also have a number of key statutory obligations including the protection of the health, safety and welfare of our staff and others affected by our activities. Recent environmental reporting requirements place additional data gathering responsibilities on our business in common with other FTSE companies.

Mitigation

Our Group Policy Framework, which sets out our standards regarding professional, regulatory, statutory compliance and business conduct, is subject to regular review.

To support this Framework each of our businesses has its own regulatory and statutory compliance resources who monitor regulatory developments and maintain the internal processes and controls required to fulfil our compliance obligations.

Our compliance environment, at all levels, is subject to regular review by internal audit and external assurance providers.

Key risk: Recruitment and retention of high-calibre staff

Strategic objective: • Financial strength • Commitment to clients

Change from 2012 ↑

Description

We recognise that our ability to deliver our strategy is dependent on us attracting, developing, motivating and retaining people of the highest quality. This is fundamental to the future success of our business.

Mitigation

We continue to invest in the development of our people and extend our training and development programmes across a number of businesses.

Our profit sharing approach to remuneration is combined with selective use of share-based and other longer term incentives to ensure that our people are incentivised to perform over the longer term and to remain with the business. Team scorecards and individual appraisals ensure that rewards are based on improvements in client service, business development, people management, delivery of personal and financial objectives (such as working in co-operation with teams from other parts of the business) as well as financial performance.

Risks and uncertainties facing the business
continued

Key risk: Reputational and brand risk

Strategic objective: • Strength in residential and commercial markets • Commitment to clients

Change from 2012 ↔

Description

Savills is a brand with an excellent reputation in the markets in which we operate. We recognise the need to maintain this reputation by ensuring the quality of the service we provide.

Mitigation

We recognise that our brand strength is vital to maintaining market share and expanding into new markets. To this end, we have a brand management programme in place to ensure the brand's positioning and identity is clearly and consistently promoted.

We recognise that the quality of the service we offer is vital to maintaining the brand and we have in place policies, controls and processes to monitor the quality of our client service to support our programme of continuous improvement.

Key risk: Legal risk

Strategic objective: • Financial strength • Commitment to clients

Change from 2012 ↔

Description

Failure to fulfil our legal or contractual obligations to clients could subject the Group to action and/or claims from clients. The adverse outcome of such actions/claims could negatively impact our reputation, financial condition and/or the results of our businesses. For example:

- In accepting client engagements, Group companies may be subject to duty of care obligations. Failure to satisfy these obligations could result in claims being made against the relevant operating company.
- In our Property Management business, we may assume responsibility for appointing and/or supervising third party contractors that provide construction and engineering services for our managed properties. Again, failure to discharge these responsibilities in accordance with our obligations could result in claims being made against the operating companies.
- In our Valuation Consultancy businesses, we can be subject to claims alleging the over-valuation of a property.

Mitigation

The Group has legal and regulatory compliance policies and Best Practice groups which are designed to mitigate against the risk of such actions/claims being made and where such claims occur, to limit liability, particularly in relation to consultancy services such as Valuations. Such policies are regularly reviewed and communicated.

The Group maintains appropriate levels of professional indemnity insurance to respond to and mitigate the Group's financial exposure to such claims.

As described opposite, our strong emphasis on appropriate business conduct by all our employees, contractors and associates provides further mitigation to this risk.

Key risk: Failure or significant interruption to our IT systems causing disruption to client service

Strategic objective: • Financial strength • Commitment to clients

New key risk for 2013

Description

Major failures in our IT systems may result in service being interrupted or data being lost/corrupted causing damage to our reputation and consequential customer and revenue loss.

There is a risk that an attack on our infrastructure by a malicious individual or group could be successful and impact the availability of critical systems.

Mitigation

Specific back-up and resilience requirements are built into our systems. Our critical infrastructure is set up so far as is reasonably practical to prevent unauthorised access and reduce the likelihood and impact of a successful attack.

Business continuity and disaster recovery plans are in place to cover the residual risks that cannot be mitigated.

Our data centres are accredited to international information security standards.

Key risk: Business conduct

Strategic objective: • Business diversification • Geographical diversification • Commitment to clients

New key risk for 2013

Description

We operate in various international markets that may present business conduct related risks involving, for example, fraud, bribery or corruption.

Failure by the Group and its employees to observe the highest standards of integrity and conduct in dealing with clients, suppliers and other stakeholders could result in civil and/or criminal penalties, debarring and reputational damage.

Mitigation

Throughout the Group we rigorously assess and address such corruption risks. We have programmes to promote compliance with our Code of Conduct, particularly in areas of higher risk such as procurement.

We adopt a zero tolerance approach to corruption.

Corporate responsibilities

Key highlights in 2013

People.
We:
- Continued with our strategy of investing in people by creating a competency framework designed to develop the personal and business skills relevant to our business and our clients' commitment.
- Participated in an apprenticeship creation programme to create jobs for those without a degree.

Environment.
We:
- Increased the number of UK offices achieving IS014001 2004 accreditation.
- Were awarded a BREEAM excellent rating for our UK corporate head office.
- Incorporated global greenhouse gas emission reporting into our environmental processes.

Clients.
We:
- Maintained our commitment to delivering the high quality services expected by our clients and demanded by our business by building on the strength of our existing cross-border/inter-regional service capacity, by sharing best practice and experiences and by listening to client feedback.
- Further enhanced our client service offering with significant investment in systems and the creation of client advocate roles.

Community.
We:
- Continued to be actively involved in supporting 'good causes' in the communities in which we live and work.
- Retained our membership of FTSE4Good, evidencing our commitment to meeting globally recognised corporate responsibility standards.

Our business philosophy

Pride in everything we do.
We:
- Take great pride in delivering the highest quality service.
- Go the extra mile.
- Seek to employ only the best people.
- Enjoy what we do.

Always act with integrity.
We:
- Behave responsibly.
- Act with honesty and respect for other people.
- Adhere to the highest standards of professional ethics.

Take an entrepreneurial approach to business.
We:
- Seek out new markets and opportunities for clients.
- Take a creative and entrepreneurial approach to delivering value.
- Are forward thinking, and always aim to build long term client relationships.
- Aim to be a leader in every market we enter.
- Commit ourselves with passion, energy and expertise.
- Approach problems with a proactive, practical attitude, delivering robust solutions.

Help our people fulfil their true potential.
We:
- Encourage an open and supportive culture in which every individual is respected.
- Help our people to excel through appropriate training and development.
- Share success and reward achievement.
- Recognise that our people's diverse strengths combined with good teamwork produce the best results.
- Believe that a rewarding workplace inspires and motivates.
- Strive to provide an environment in which our people can flourish and succeed – this allows us to recruit, motivate and retain talented people and build on our status as an employer of choice.
- Engage with our people to communicate our vision and strategy through well established internal channels.

Corporate responsibility at Savills

Corporate responsibility ('CR') is our commitment to the positive impact that our business can make, through our people, to our stakeholders and the communities in which we live and work.

Overall responsibility for our CR programme sits with the Group Chief Executive and the Board. CR strategy is overseen by our CR Steering Group, comprising senior representatives from a range of business and central teams. CR strategy is implemented and delivered at country level across the four areas of CR which we believe are key to the success of our business: People, Clients, Environment and Community. By focusing on these key areas we give our businesses the freedom to adapt quickly and to respond at local level to new opportunities in the markets in which they operate. The Board receives annual and ad hoc updates on CR activities and progress. To ensure that we can readily identify emerging issues and respond to them on a timely basis, we continue to include the consideration of CR-related issues in our Key Risk Registers.

FTSE4Good

The FTSE Group confirms that Savills plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to remain a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.

BREEAM®

Policy

Our CR policy focuses on those key areas where we believe we can make a difference: People, Training and Development, Ethics, Client Commitment and Health, Safety and Environment. All of our businesses are expected to comply with local legal standards as an absolute minimum, while our established global framework provides the flexibility required to have meaning and impact at local level. At Savills, we learn through experience and we actively encourage our businesses to share their experiences and develop best practice to ensure that we continue to improve as an organisation.

People

Throughout this Report we refer to the importance of our people. They are key to our continued success. It is our vision to be the real estate adviser of choice in our selected markets and deliver superior financial performance and this can only be achieved through the dedication, commitment and excellence of our people.

Savills is committed to providing employment on an equal basis irrespective of gender, sexual orientation, marital or civil partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age. We support the Core Conventions of the International Labour Organization.

Our people strategy remains focused on supporting delivery of the highest standards of client service through motivated and engaged people. We believe that a positive culture is essential to high quality client service. This positive culture is encapsulated in our business philosophy. Our reputation has been built on our people and we believe that staff whose behaviours reflect in our business philosophy deliver the excellent client service that we strive to provide. Our business philosophy also captures our commitment to ethical, professional and responsible conduct and our entrepreneurial value-enhancing approach.

Training and development

We firmly believe in the value of developing future talent from within the Group and the wider business community and we are working hard to help nurture the entrepreneurs and leaders of the future. In this regard, we continued our significant investment in people development. In the UK our graduate programme was recognised for the seventh year running as the Graduate Employer of Choice (Property) in The Times Graduate Recruitment Awards 2013 and we continue to see a record number of applicants for this and our student summer scheme and work placement programmes.

We are proud to have linked up with some of our industry peers on the Changing the Face of Property ('CTFOP') initiative which has a group aim to increase diversity within the property industry from under-represented groups. The initiative includes, amongst other things, developing an apprenticeship programme to offer jobs to school leavers and other junior candidates without a university education.

During 2013 our UK business rolled out a detailed People Development programme, which included a competency framework and career roadmap for all staff to provide them with a clear understanding of what skills are required and what they need to do to progress from Graduate to Director. The programme looked in detail at the different areas and sectors and sought to develop appropriate training that would enhance both personal and client-based relevant skills throughout the business. Taking this forward, in 2014 we will be piloting a formal mentoring and coaching programme to provide all staff at all levels with improved guidance on their career within Savills. Depending on the success of the UK pilot scheme, consideration will be given to rolling the programme out to other parts of the Group over time.

Savills remains committed to further developing these programmes and inspiring all staff to perform to their maximum potential.

Ethical commitment

Savills is committed to doing business legally and ethically wherever it operates – doing the right thing in the right way. Savills Ethical Trading Policy is detailed in our Group Code of Conduct which is readily accessible in local languages to all staff, to support their day to day decision making. We continue to maintain our focus on ensuring that our people worldwide work within our specified financial, operational and compliance framework, and that these standards are consistently applied. We demand the highest professional standards from all of our people all of the time and have a zero tolerance to breaches. However, given the breadth of activities and the number of people we employ there may be occasions when we do not meet the high standards we aspire to. Where we fail to reach these high standards, we treat any breach with the utmost seriousness.

Human Rights

At Savills we recognise our responsibility as a global corporate citizen and we consider the concerns of the wider communities where we conduct our business.

We are committed to doing the right thing in the right way and this is reflected in the Savills Code of Conduct. The Code, which underpins our social, ethical and environmental commitments, clearly sets out the standards of behaviour that we expect our employees to demonstrate and adhere to in their day to day working life at Savills.

As an absolute minimum, our employee policies comply with local legislation in the jurisdictions in which we operate. We fully support the principles of UN Global Compact, the UN Declaration of Human Rights and the International Labour Organization's (ILO) Core Conventions and we expect our business partners to operate in accordance with these standards.

Any breaches of our Code of Conduct may be reported in accordance with Company's whistle-blowing procedure.

Diversity and inclusion

Savills is a global company and across all parts of our business, we look to create an inclusive culture in which difference is accepted and valued. We believe that our 'inclusive' approach gives us a competitive advantage and underpins the success of our business by giving us the ability to select our employees from the highest quality individuals in the widest available pool of talent.

Our employees come from a wide range of backgrounds and have a diverse range of skills and experience. We have created a culture in which those skills, experience and perspectives are nurtured and encouraged.

At Savills, we have long realised that our reputation as a quality global real estate provider of choice is built on our people and that they are fundamental to the success of the business.

We respect our people for who they are, their knowledge, skills and experience, as individuals and as valued members of the Savills team. We work together to bring out the best in each other and to sustain the strong working relationship ethic that has nurtured our 'can do' attitude. As at 31 December 2013 our total global workforce of 26,287 colleagues, comprised 14,420 males and 11,867 females. Of these 159 were senior executives (138 male, 21 female) comprising members of the Group Executive Board and board members of the corporate entities whose financial information is incorporated in the Group's 2013 consolidated accounts in this Annual Report. The Company's Board of Directors comprised seven members, six males and one female.

Historically ours has been an industry which has struggled to recruit a high percentage of female graduates and we are encouraged that our graduate recruitment programme is helping to redress the balance at Savills where we have a 50/50 male to female ratio of graduates.

However, we continue to view diversity in its widest sense and prior to any new appointment consideration is given to gender and diversity in its broadest sense, with a view to appointing the best placed candidate for the role.

How we support diversity and inclusion?

Our aim is to have a workforce that is representative of the countries and the communities in which we live and work and we will continue to endeavour to improve the representation of women at Board and senior levels within the organisation and to sustain an inclusive culture in which all talent can thrive.

As an organisation committed to diversity in its workforce, we will continue to strengthen our policies, processes and practices to develop our diversity and inclusion plans within the Group's markets and geographies, in alignment with our corporate goals.

Clients

Client care

We are committed to delivering a high quality service and creating long term partnerships with all our clients. To do this we need to deliver exceptional client service over the long term through forging sustained relationships and ensuring that the client experience of Savills is second to none. Client review meetings are a necessary and vital part of our approach to client care and we invest in an independent client review programme to focus on how well we are doing in the way we plan and execute the services we provide, how well we communicate and what additional value we give our clients. This provides an important independent rating of the standard of our client service which is reviewed regularly and used to refine service delivery.

Following a successful pilot in 2012, our top 100 clients now have a dedicated client advocate whose core responsibility is to act as a focal point for client servicing enquiries, and in particular to allow any service issues on current instructions to be quickly identified and addressed. These client advocates also play a key role in reviewing our performance with the client in tandem with the client research programme to ensure that we understand where we have met or exceeded expectations and those areas in which we can do better. It also ensures that we have awareness of the client's real estate plans over the coming 12 months so that we can make the appropriate support services available. Our client advocates are supported by an IT platform which harmonises client data from across the UK business into readily accessible client intelligence reports.

Complementing this initiative we recognise that there are clients that would benefit from a full Savills service offering and in 2013 we introduced the 'Savills Pilot 7' with a dedicated CRM team. The team is responsible for managing the client care plan which includes a review of the current year, meeting schedule for key contracts, financials for the year to date and future years, a client communication plan and a list of agreed actions and responsibilities. The CRM team meet quarterly and report annually into the UK Board.

Health, Safety and Environment

Environment

Savills and its associates operate more than 600 offices around the world. We also manage buildings for clients through our property management teams. We are committed to reducing our impact on the environment and, at our corporate head offices and business premises, our approach is to reuse, reduce and recycle. We also try to make a difference by helping our associates and clients to achieve their environmental goals, by providing quality advice, incorporating the principles of sustainability.

By actively seeking to reduce our environmental impact we are able to achieve increased operational efficiencies and savings, both internally and for our clients.

Our policy and these principles are implemented through our operating businesses and day to day actions.

As part of our drive to control our environmental impact and to act as a hallmark of quality for our clients, our offices continue to work to secure ISO14001 2004: the international standard for environmental management systems. This is designed to achieve sound environmental performance by using a proactive range of practical office management measures consistent with our aim of carbon reduction. During 2013 a further 26 UK offices achieved this accreditation bringing the total number of accredited UK offices to 66.

During the year, our London teams moved to a new head office which has achieved a BREEAM excellent rating. BREEAM is an assessment method whereby the environmental credentials of buildings are measured against a universally recognised and benchmarked set of standards.

We will continue to adopt innovative technology to deliver research information, marketing materials, web-based collaborative forums and marketing brochures, so as to reduce paper, transport costs and waste, all of which have an impact on the environment.

In many countries, food is a scarce natural resource. In 2013, our Hong Kong business signed up to an initiative sponsored by the Hong Kong Government, the 'Food Wise Charter'. The Charter's aim is to raise consumer awareness of the amount of food waste produced daily and to promote the use of good practices to encourage consumers to use natural resource sensibly. It is hoped that this initiative will help to protect the environment by reducing the amount of food waste sent unnecessarily to landfill each year.

In response to the Government's request for support from the business community, our colleagues in Hong Kong have committed their business to implementing an action plan to promote best practices and behavioural changes to reduce food waste in their workplace. To help them achieve their goals, the business has agreed to instigate a scheme which includes conducting in-house waste audits to improve waste management performance, measuring and monitoring performance and promoting awareness of the principles of the Charter to its stakeholders.

This year, our environmental reporting has been updated to reflect new legislative requirements that came into effect in October 2013, requiring us to measure and report our global greenhouse gas ('GHG') emissions. In this regard, 2013 is our base year for reporting. For practical reasons, however, in 2013 we are only reporting on GHG emissions from our UK, Rest of

Europe, Australia, New Zealand and Hong Kong operations. We have taken this approach in these locations because we have been able to analyse all the emission sources required by the new legislation that fall under our operational control, ie their assets and liabilities are consolidated in the Savills Group financial statements. In subsequent years, we will seek to expand the scope of our reporting to include more locations.

We have used the GHG Protocol Corporate Accounting and Reporting Standard methodology to identify our GHG inventory of Scope 1 (direct) and Scope 2 (indirect) emissions. The UK Government's GHG Conversion Factors for Company Reporting have then been applied to complete the calculations. In a very few cases, of necessity, we have extrapolated total emissions by using available information from part of the reporting period. So as to express our annual emissions in relation to a quantifiable factor relevant to our wide ranging activities, we have used a per capita intensity ratio, as this provides the best comparative measure over time. Details are below.

Total Global Emissions for Carbon Reporting (2013)
GHG Emissions (Scopes 1+2) $TCO_2e/yr^{(1)}$

Scope 1 (Direct) – 1,256.58
Scope 2 (Energy Indirect) – 5,608.71

Total Gross Emissions – 6,865.29

Total Employees (FTE av.) – 3,890
GHG Intensity Ratio(2) – 1.76

Notes:
(1) Emissions Factors based on Defra/DECC Guidelines 2011.
(2) Total Gross Emissions, divided by Total Full Time Equivalent Employees (FTE) Year Average.
(3) Total global emissions for Carbon Reporting 2013: UK, Rest of Europe, Australia/New Zealand and Hong Kong.

Once again, we took part in the International Carbon Disclosure Project ('CDP') during the year. Some 4,000 organisations around the globe measure and disclose their greenhouse gas emissions and climate change strategies as part of the CDP. This data is collected annually on behalf of institutional investors, purchasing organisations and various government bodies.

Health and safety

Savills is committed to the health, safety and welfare of its staff and others affected by our business operations. Safe working practices form an integral part of our day to day business and we aim to find practical solutions to Health and Safety risks. To this end our safety strategy is focused on priorities such as reducing significant occupational exposure to workplace hazards and maintaining regulatory compliance.

In 2013, we continued to promote our 'positive safety' programme, by rolling out a number of upgraded health and safety processes, including the employee induction programme. We also expanded areas of our Health and Safety team, demonstrating our ongoing commitment to safety in the workplace.

For the coming year, our key priorities are to run further training programmes to refresh the knowledge of safe working practices amongst our employees. We will continue to promote locally-based activities and initiatives to enhance Health and Safety awareness, thus further promoting the existing positive company Health and Safety culture.

We are extremely pleased to report that Savills has been successfully cleared of any breaches in Health and Safety legislation following an appeal against the local authority prosecution in respect of an accident which took place at the Brewery Shopping Centre, Essex, UK in 2009, when a youth playing a game of 'dare' fell and sustained injuries after losing his grip on the outside of a rail of an escalator.

Community

Charitable giving

Our offices and our people are actively involved in their communities. At a local level, we have developed a series of community engagement programmes which have a positive impact on the areas where our people live and work to ensure that Savills is firmly engaged with the communities we serve. The stories below represent only a few examples from across the globe of the wide variety of activities undertaken by Savills and its employees during 2013.

During the year, Savills UK main charity of choice was Honeypot, a children's charity which works to enhance the lives of vulnerable children and young carers aged 5–12 years by providing respite breaks and ongoing outreach support. To raise money our employees took part in many fundraising events large and small. A significant fundraiser was the Great River Race 2013, a gruelling 21-mile marathon row from Docklands to Ham in Surrey where Savills UK employees put up a 16-strong crew to compete against 300 boats from around the globe.

This year, in support of the charity Countryside Learning, the Rural team at Savills UK travelled from Land's End to John O'Groats. Over a six-week period, 240 staff undertook a series of gruelling disciplines including cycling, running, walking, riding and kayaking over the 1,221-mile route, visiting 50 estates in the process, raising over £35,000 and highlighting the Charity's important work. Countryside Learning inspires children, parents and teachers to learn more about the issues faced by the rural sector. Last year, the Charity's estate day programme and Countryside Live events, allowed over 20,000 children and 650 teachers to be introduced to the UK countryside.

During 2013 our Australian business chose to focus on one major fundraising initiative in partnership with 'Youngcare' a charitable organisation which works to help young Australians who require 24 hour care to stay at home with their family and friends.

Organised by Youngcare, a Savills employee took on a mentally and physically challenging 10-day trek across sand dunes in temperatures in excess of 30 degrees. He was supported in this by his colleagues who helped him to raise funds towards the AU$644,000 raised by 12 walkers who took part in the trek.

The UK operates a Give As You Earn scheme which allows staff to donate a portion of their monthly salary to a registered charity. We also operate a profit share waiver scheme whereby staff can elect to waive an element of any annual profit share in favour of registered charities of their choice upon which the Group augments the donation to the chosen charity by 10%.

Future plans

It has been another year of significant development and progress and this is reflected in this year's CR report and throughout this document. Going forward, we will seek to further develop and strengthen our CR approach by continuing to focus on those activities where we are best placed to make a significant contribution.

Report of the Directors

Corporate Governance Statement

Peter Smith
Chairman of Savills plc and Chairman of the Nomination Committee

Chairman's introduction

The Board of Savills is committed to maintaining the highest standards of corporate governance. The Directors and I see good governance as fundamental to the effective management of the business and the delivery of long term shareholder value.

We continue to work hard to create a culture where 'doing the right thing' is at the core of how we do business. I firmly believe that the tone set at the top of the organisation sets the standard for the rest of the Group and from the Board down we are committed to maintaining the highest standards of corporate governance. We fully recognise that in an increasingly regulated global market, at the heart of every successful organisation is a good corporate governance structure and we seek to create an environment in which transparency, honesty, integrity and fairness are valued and practiced by our people every day. Our Code of Conduct is readily accessible in all local languages to all staff to support their day to day decision making. We demand the highest professional standards from all of our people all of the time and we have a zero tolerance approach to breaches of the Code of Conduct.

Composition and independence

Ensuring that we do the right thing in the right way requires the right leadership. For the last four years we have conducted a formal, externally facilitated review of each Director's skills and contribution and that of the Board as a whole and its Committees in the context of the Company's business model and the evolving strategic needs of the business. It is described in more detail on pages 4 to 25.

The Board also reviews Non-Executive Director independence on an annual basis and takes into account the individual's professional characteristics, their behaviour at Board meetings and their contribution to unbiased and independent debate. All of the Non-Executive Directors are considered by the Board to be independent, including Charles McVeigh, notwithstanding his long service.

We are pleased that as confirmed by this year's Board review good progress has been made against the actions that the Board set itself in 2012 and we are confident that your Board has the right balance of skills, experience and diversity of personality to continue to encourage open, transparent debate and challenge.

We recognise the importance of planning for the future. Our corporate strategy and business model are underpinned by a succession planning policy designed to progressively bring new skills and different perspectives to the Board and to complement the experience of our longer serving Directors so as to achieve an appropriate balance and position us to continue to challenge and debate corporate strategy.

The Board consisted of a majority of independent Non-Executive Directors (excluding the Chairman) throughout the year. Details of all the current Directors, their skills and experience are set out on page 42. In accordance with the UK Corporate Governance Code, all Directors will stand for re-election at the Annual General Meeting ('AGM'), with the exception of Clare Hollingsworth who will stand down as a Non-Executive Director at the conclusion of the AGM on 12 May 2014.

Diversity

We believe that a diverse culture is a key factor in driving the success of the business, and we fully support the Davies Report's aspiration to promote greater female representation on listed company boards. During the year, the Savills Board had one female Non-Executive Director, representing 20% of Non-Executive Board membership and another Non-Executive Director is based in Hong Kong. As and when Board appointments arise, we will look to follow the procedures recommended by the Davies' Report and by the Code to maintain a balanced Board. Our policy on page 44 summarises our approach to diversity and what this means for our business and our people.

People and training

At Savills, our people are the key to our continued success. We will ensure that our employees are equipped with the skills and insight required to deliver the high quality service we demand for our clients. We do this by continuing to invest in our future by recruiting, training, developing and retaining the best people and providing them with the necessary tools and supporting systems and infrastructure. This positions us to both drive key growth and deliver our ambitions and allows our people to develop on a professional and personal level as individuals. Details of our Corporate Responsibility activities and progress made during the year can be found in our Corporate Responsibility Report on pages 34 to 37.

Remuneration

We have a clear and transparent approach to remuneration, including Directors' remuneration. Our approach is a simple one, where greater emphasis is placed on the performance related elements of the total remuneration package to ensure a close alignment between performance and reward and so with shareholders' interests. More details of the Remuneration Committee's activities during the year, a breakdown of Directors' remuneration and Non-Executives' fees for the year and our forward looking remuneration policy, can be found on pages 57 to 64.

Monitoring risk

Risk management is and will remain a fundamental element of the Board and Audit Committee's agendas and our governance efforts across the Group as a whole. The Audit Committee's Report on pages 47 to 50 sets out in more detail the systems of risk management and internal control which help us to safeguard the Company's assets and our shareholders' investment. Details of our principal risks can be found on pages 29 to 33.

Communication and shareholder engagement

As a responsible organisation, we believe that engaging with shareholders and encouraging open, meaningful dialogue with the Company is vital to ensuring mutual understanding. You can read more about shareholder engagement in this section and in the meantime, my fellow Directors and I look forward to continued dialogue and meeting with shareholders at our AGM in May.

It has been another year of significant progress and I remain happy with the Board's activity across our governance agenda. However, we will continue to challenge ourselves and the business and to consider and to learn from our decisions to ensure that we build upon the existing strength of our governance structure.

Peter Smith
Chairman of Savills plc
19 March 2014

UK Corporate Governance Code

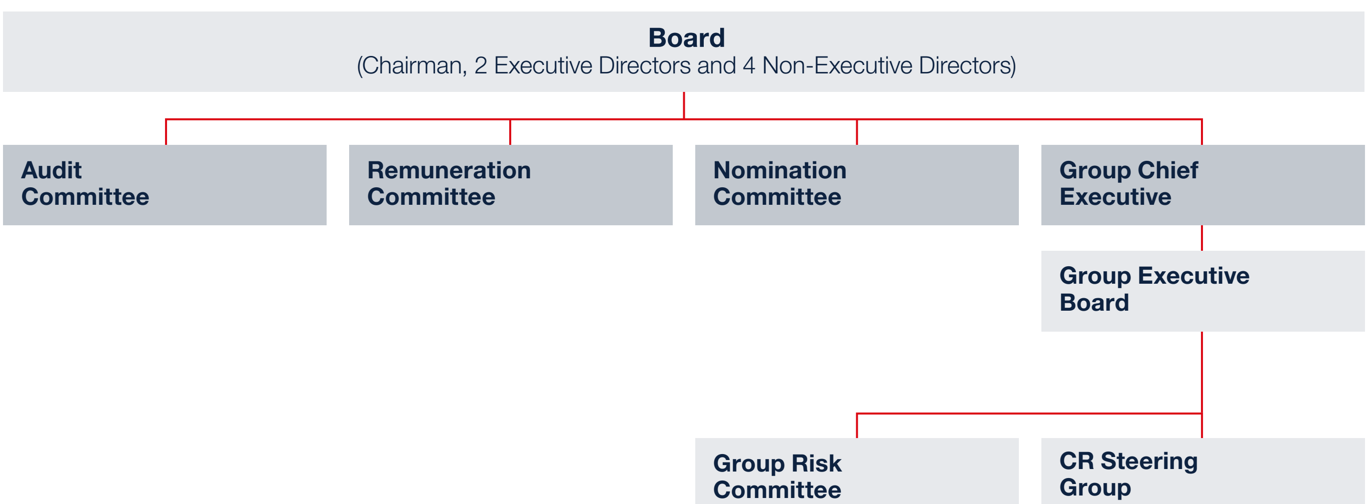
The governance rules applicable to all UK companies admitted to the Official List of the UK Listing Authority are set out in the UK Corporate Governance Code 2012 (the 'Code') published by the Financial Reporting Council and publicly available at www.frc.org.uk. We were early adopters of the Code in 2012 and it remained the standard against which we measured ourselves throughout the financial year to 31 December 2013. The Board fully supports the principles set out in the Code and confirms that throughout the year ended 31 December 2013 and to the date of this Report, we applied the main Principles and complied with the relevant Provisions of the Code. The Report that follows sets out our governance policies and practices and includes details of how the Group has applied the main Principles and complied with the relevant Provisions of the Code using the key themes of the Code as the framework within which we articulate our governance.

Our approach to Leadership, Effectiveness and Accountability is set out in more detail on pages 39 to 43, 44 to 46 and 47 to 50, respectively.

Leadership

Governance structure

The Group's corporate governance framework is set out below.



Role of the Board

The primary responsibility of the Board is to provide entrepreneurial leadership and to oversee the overall strategic development of the Group. In addition, the Board sets the Group's values and standards and ensures that the Group's businesses act ethically and that its obligations to its shareholders are understood and met. The Board delegates to management the day to day operation of the business to the Group Chief Executive, supported by the Group Executive Board, subject to appropriate risk parameters.

Matters reserved to the Board

The Board has adopted a formal schedule of matters specifically reserved to it for decision making. A full schedule of matters reserved for the Board's decision along with the Terms of Reference of the Board's principal committees can be found on the Company's website at www.savills.com.

The Board is specifically responsible for:

Strategy and objectives

Reviewing and approving the Group's strategy, objectives, business plans and budgets with a view to maintaining the Group's established entrepreneurial driven business culture. Following implementation the Board continuously monitors and analyses actual performance against desired outcomes and where necessary, agrees adjustments or changes to the strategic plan to ensure the Group achieves its short, medium and long term objectives.

Considering, testing and approving significant capital investment projects in line with strategy and taking a measured approach with the aim of: maintaining our position as a market leader; strengthening our presence in an existing market; or establishing the Savills brand in new markets through acquisitions or partnerships with well established high calibre local businesses with the skills to complement our existing capabilities and the ability to sit comfortably within the Savills business model. Where necessary, reviewing and approving divesting initiatives.

Risk management

Establishing, monitoring and regulating the levels of risk which the Group is willing to accept in return for economic success and implementing systems of internal control, governance and approval authorities to safeguard shareholder investments.

Regularly analysing the impact of the Group's adopted risk to reward ratio against expected outcomes to ensure that the level of risk adopted by the Board is appropriate such that it can be effectively managed by the Group's businesses and neither constrains growth nor has a negative impact on the Group's reputation or finances. In response to actual outcomes and/or changes in the internal and external environments, regulating acceptable risk levels to reflect the evolution of strategy.

Governance

Overseeing the performance of the Board and its principal Committees and that of individual Directors to ensure that they continue to be effective in support of Group strategy, policy and practice.

Planning to refresh or replace retiring or outgoing Directors so as to ensure that the different skills, experience and knowledge of the Directors is such that the Group remains capable of adapting to the changing environment as a consequence of it being directed by a set of competent, well rounded individuals who have the ability to formulate sensible and practical ideas capable of being translated into strategies which deliver results.

In line with the Board's commitment to operate the Group's businesses on an ethical, moral and legally sound basis from the top down – overseeing the development and approval of the Group's governance structure and policies such as the Group's Code of Conduct, standards of ethics and policy in relation to business practice, health, safety, environment, social and community responsibilities to ensure that the Group continues to do the 'right thing' and remains compliant with regulatory and legal requirements in each of the jurisdictions in which it operates.

Finance performance

Reviewing the performance of the Group's businesses profits and cash management initiatives, assessed against the Group's strategy, objectives, business plans and budgets to ensure that the financial resources generated by the businesses work to create additional value, costs are controlled and/or eliminated and that resource can be made available at the appropriate time to exploit business opportunities.

Reviewing changes to the Group's capital structure and the issue of any securities in the context of achieving efficiencies or reducing the cost of capital to the Group.

Approving annual and half year results and interim management statements, and accounting policies so as to ensure that communication with the Group's shareholders is fair, understandable and balanced; and, subject to shareholder approval, the appointment and the remuneration of the External Auditor

Approving the dividend policy and interim and supplemental dividends and recommending final dividends which are appropriate to the Group's strategy, reflect the performance of the Group and give Savills the ability to continue to attract inward investment.

The Board has delegated day to day operational decisions to the Group Chief Executive supported by the Group Executive Board referred to on page 41.

Board meetings
Attendance table

	Meetings attended	Meetings eligible to attend
Non-Executive Directors		
Peter Smith	8	8
Martin Angle	8	8
Tim Freshwater	8	8
Clare Hollingsworth	8	8
Charles McVeigh	8	8
Executive Directors		
Jeremy Helsby*	8	8
Simon Shaw*	8	8

* Members of the Group Executive Board.

The Board met formally eight times during the year and there was full attendance at all meetings by Directors, as shown in the table above.

Board activity

As detailed above, although the Board has a schedule of matters reserved to it for formal decision, there has to be a level of flexibility to meet the evolving needs of the business and we endeavour to develop our processes in order to support growth and to achieve continuous improvement across the Group.

Below is a chart which shows in simple terms those areas on which your Board has been focused during 2013 and which will remain key in the coming year.

Strategy
- Strategy setting
- Target delivery
- Achievement of goals

Leadership and risk
- Entrepreneurial support
- Succession planning
- Oversight of operational management

Governance
- Assurance and compliance
- Board management and effectiveness
- Remuneration policy in support of strategy

Finance
- Setting internal control framework
- Capital management
- Overview and preparation of financial statements

At its meetings during the year, the Board discharged the duties above and received updates on the Group's financial performance; key management changes; material new projects; financial plans; and legal and regulatory updates.

The Directors receive management information, including financial, operating and strategic reports, in advance of Board meetings.

The Board receives presentations from the Heads of the Principal Businesses and Functions on matters of significance and periodically meetings are held in regional centres to give the Board greater insight into the business in that region. The Group Legal Director & Company Secretary provides the Board with updates and reports covering legal developments and regulatory changes.

One of the Board's meetings during the year was specifically devoted to the review and reconfirmation of the Group's strategy. This meeting benefited from presentations and discussions with a number of the Heads of the Principal Businesses. The delivery of strategic plans is continually monitored and reviewed by the Board and periodic updates on progress and market developments are presented by the Heads of the Principal Businesses.

The Board and Committee meetings are structured to allow open discussion. All Directors receive detailed papers in advance of Board meetings to ensure that they are properly briefed on the matters to be discussed. When unable to be present in person, Directors may attend by audio or video conference. When Directors are unable to attend a Board or Committee meeting, their comments on the matters to be considered at that meeting are relayed in advance to the Chairman of that meeting.

The Non-Executive Directors meet separately at least once each year without the presence of the Executive Directors and also meet at least once a year without the Chairman, at which time the Chairman's performance is appraised.

The Group Legal Director & Company Secretary, whose appointment is a matter reserved for the Board, is responsible for advising and supporting the Chairman and the Board on company law and corporate governance matters and for ensuring that Board procedures are followed, as well as ensuring that there is a smooth flow of information to enable effective decision making. All the Directors have access to the advice and services of the Group Legal Director & Company Secretary and through him have access to independent professional advice in respect of their duties at the Company's expense.

In accordance with the Company's Articles of Association, the Company has granted Directors and the Group Legal Director & Company Secretary an indemnity, to the extent permitted by law, in respect of any liabilities incurred as a result of their holding office. Such indemnities were in force during the financial year to 31 December 2013 and up to the date of this Report. The indemnities would not, however, provide cover where a Director or the Group Legal Director and Company Secretary is proved to have acted dishonestly or fraudulently. The Company has also arranged appropriate insurance cover in respect of legal action against its Directors and Officers.

Board Committees

The principal Committees of the Board are listed below. A more detailed account of each of the Committees including an introduction from the Committee Chairman can be found in the pages which follow.

Nomination Committee

The Nomination Committee is responsible for the size, structure and composition of the Board, for reviewing and progressing appointments and for successional planning to ensure that the Board is progressively refreshed such that the balance of skills and experience remains appropriate to the needs of the business. The Committee also makes recommendations to the Board on the membership of the principal Committees of the Board. Details of the Nomination Committee can be found on page 46.

Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its financial and risk responsibilities, in particular for ensuring that the financial statements are fair, balanced and understandable. It oversees financial reporting, internal control, risk management and reviews the work of the Internal and External Auditors and advises the Board on the appointment of the External Auditor.

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration of the Chairman and the Executive Directors and for reviewing that of the Group members and the Group Executive Board. The Directors' Remuneration Report can be found on pages 54 to 71.

Group Executive Board ('GEB')

The GEB is the key management committee for the Group and comprises the Group Chief Executive, the Group Chief Financial Officer, the Heads of the Principal Businesses and the Group Legal Director & Company Secretary. The GEB meets regularly and under the leadership of the Group Chief Executive, the GEB is responsible for the day to day management of the Group including overseeing the development and implementation of strategy, capital expenditure, and investment budgets, for ongoing review and control of Group risks as detailed on page 29 and reporting on these areas to the Board for approval, implementing Group policy, monitoring financial and operational performance of the Group and other specific matters delegated to it by the Board.

An explanation of how the Group creates and preserves value, and the strategy for delivering its objectives is included in the Group Chief Executive's review on pages 4 to 25.

Members of the GEB are detailed on page 43.

Board of Directors

1. Peter Smith
Chairman of Savills plc and Chairman of the Nomination Committee

Appointment to the Board: Peter was appointed to the Board as a Non-Executive Director on 24 May 2004 and was elected Chairman with effect from 1 November 2004.

Background and relevant experience: Formerly UK Senior Partner of PricewaterhouseCoopers (PwC) Peter served for two years as Chairman of Coopers & Lybrand International and as a member of the global leadership team of PwC. He served as Chairman of RAC plc and was a Non-Executive Director of Safeway plc and the Equitable Life Assurance Society.

Other appointments: Non-Executive Director of Associated British Foods plc and Paris Orleans SCA and Chairman of Templeton Emerging Markets Investment Trust plc.

Committee membership: Remuneration and Nomination Committees.

2. Jeremy Helsby
Group Chief Executive

Appointment to the Board: Jeremy joined Savills in 1980 and was appointed to the Board in 1999.

Background and relevant experience: He was Chairman and Chief Executive Officer of Savills Commercial and Savills Europe for seven years until he was appointed as Group Chief Executive on 7 May 2008.

Committee membership: Nomination Committee.

3. Simon Shaw
Group Chief Financial Officer

Appointment to the Board: Simon joined Savills as Group Chief Financial Officer in March 2009.

Background and relevant experience: Simon is a Chartered Accountant. He was formerly Chief Financial Officer of Gyrus Group PLC, a position he held for five years until its sale to the Olympus Corporation. Simon was Chief Operating Officer of Profile Therapeutics plc for five years and also worked as a corporate financier, latterly at Hambros Bank Limited.

Other appointments: Non-Executive Chairman of Synairgen plc.

4. Martin Angle
Senior Independent Non-Executive Director and Chairman of the Audit Committee

Appointment to the Board: Martin was appointed to the Board on 2 January 2007 and replaced Timothy Ingram as the Senior Independent Non-Executive Director from 9 May 2012.

Background and relevant experience: Formerly, he was Group Finance Director of TI Group plc and held various executive roles with Terra Firma Capital Partners and its portfolio companies, including The Waste Recycling Group (Executive Chairman) and Le Meridien Hotel Group (Deputy Chairman). Prior to that he held a number of senior positions in investment banking with S G Warburg & Co., Morgan Stanley and Dresdner Kleinwort.

Other appointments: Non-Executive Director of Pennon Group plc, OAO Severstal, Shuaa Capital psc (Dubai), Chairman of The National Exhibition Group, and Chairman and Treasurer of FIA Foundation.

Committee membership: Audit, Remuneration and Nomination Committees.

5. Charles McVeigh
Independent Non-Executive Director

Appointment to the Board: Charles was appointed to the Board as a Non-Executive Director on 1 August 2000.

Background and relevant experience: Formerly, he was Co-Chairman of Citigroup's European Investment Bank and served on the Boards of Witan Investment Company plc, Clearstream, the London Stock Exchange, LIFFE, British American Business Inc and was a member of both the Development Board and Advisory Council of the Prince's Trust. He was also appointed by the Bank of England to serve on the City Capital Markets Committee and the Legal Risk Review Committee and was a member of the Fulbright Commission.

Other appointments: A Senior Adviser at Citigroup, Charles also serves on the Board of EFG-Hermes, Petropavlovsk plc (formerly Peter Hambro Mining plc) and is a Trustee of the Landmark Trust and the Natural History Museum Development Board.

6. Tim Freshwater
Independent Non-Executive Director

Appointment to the Board: Tim was appointed to the Board as a Non-Executive Director on 1 January 2012.

Background and relevant experience: Until recently Tim was a Non- Executive Director of Chong Hing Bank Limited. Formerly he was Chairman of Grosvenor Asia Pacific Limited, Managing Director and Chairman of Corporate Finance Goldman Sachs (Asia) from 2001 until 2005 and Vice-Chairman of Goldman Sachs (Asia) from 2005 until 2012. Tim previously worked at Jardine Fleming, becoming Group Chairman in 1999, and was a Partner at Slaughter and May from 1975 to 1996.

Other appointments: A Non-Executive Director of Aquarius Platinum Limited, COSCO Pacific Limited, Swire Pacific Limited and Hong Kong Exchanges and Clearing Limited.

Committee membership: Audit, Remuneration and Nomination Committee.

7. Clare Hollingsworth
Independent Non-Executive Director and Chairman of the Remuneration Committee

Appointment to the Board: Clare was appointed to the Board as a Non-Executive Director on 2 April 2012.

Background and relevant experience: Clare is Chairman of Eurostar International Limited. Formerly, she was Chief Executive Officer of Spire Healthcare and its predecessor business, BUPA Hospitals. Clare is a former Managing Director of Caledonian Airways having been appointed as part of the leadership team when the airline was established by British Airways. She is a former Non-Executive Director of Caledonian Airways, Ambea ABand and the Assurance Group Ltd.

Other appointments: Chairman of Eurostar International Limited and Non-Executive Director of Spire Healthcare Limited, Virgin Healthcare Holdings Limited and Mölnlycke AB.

Committee membership: Audit, Remuneration and Nomination Committees.

Group Executive Board

2. Jeremy Helsby
Group Chief Executive

For photograph and full biography see opposite page.

3. Simon Shaw
Group Chief Financial Officer

For photograph and full biography see opposite page.

8. Chris Lee
Group Legal Director & Company Secretary

Appointment to the Group Executive Board: Chris joined Savills in June 2008 and was appointed to the Group Executive Board in August 2008. He has responsibility for legal and compliance issues globally.

Background and relevant experience: He held equivalent roles with Alfred McAlpine plc, Courts plc and Scholl plc between 1997 and 2008, prior to which he was Deputy Group Secretary of Delta plc from 1990 to 1997.

9. Rupert Sebag-Montefiore
Head of Global Residential

Appointment to the Group Executive Board: Rupert joined Savills in 1980 and was appointed to the Group Executive Board when it was formed in February 2008.

Background and relevant experience: He was appointed as Head of Global Residential in January 2013 having until then, served as Managing Director and Chairman and Chief Executive of Savills (L&P) Limited from May 2000 and October 2004 respectively to 31 December 2012.

Other appointments: Rupert is currently a Director of Pigeon Land Ltd, Penshurst Properties Ltd and English Concert. He is also a member of the Investment Committees of Winchester College and Christ Church, Oxford.

10. Mark Ridley
Chief Executive – Savills UK

Appointment to the Group Executive Board: Mark was appointed to the Group Executive Board when it was formed in February 2008.

Background and relevant experience: He became Chief Executive of Savills (UK) Limited following the merger of the Commercial and L&P businesses in January 2013. He previously served as Chairman and Chief Executive of Savills Commercial Limited from January 2008 and prior to this was Head of the Manchester office which he opened for Savills from when he joined in July 1996.

11. Rob McKellar
Chief Executive – Asia Pacific

Appointment to the Group Executive Board: Rob was appointed to the Group Executive Board when it was formed in February 2008.

Background and relevant experience: He was appointed Chief Executive of Asia Pacific on 31 March 2005 having served as the Group Finance Director since June 2000 and prior to this since December 1994 was Finance Director of Savills Commercial Limited.

12. Raymond Lee
Chief Executive – Hong Kong, Macau and Greater China

Appointment to the Group Executive Board: Raymond was appointed to the Group Executive Board in January 2011.

Background and relevant experience: He joined Savills in 1989. In 2009, Raymond became the CEO in Hong Kong and Macau and in 2010 was appointed CEO of Greater China. Raymond is a Fellow of the Hong Kong Institute of Directors and is a Guangdong Province Zhuhai Municipal Committee Member, CPPCC.

13. Simon Hope
Global Head of Capital Markets

Appointment to the Group Executive Board: Simon was appointed to the Group Executive Board when it was formed in February 2008.

Background and relevant experience: He joined Savills in September 1986 and he is responsible for our Global Capital Markets business and Head of Savills Commercial Investment. He is also a member of the Board of the Charities Property Fund.

14. Borja Sierra
Chief Executive – Continental Europe

Appointment to the Group Executive Board: Borja was appointed to the Group Executive Board in January 2011.

Background and relevant experience: He joined Savills in 1998 and is responsible for Savills Continental European businesses. Formerly he was Head of Savills in Spain for 10 years, and in February 2008 he was appointed as Executive Managing Director of Savills US, where he assumed responsibility for Savills cross-border investment business.

15. Justin O'Connor
Chief Executive – Cordea Savills

Appointment to the Group Executive Board: Justin was appointed to the Group Executive Board in September 2010.

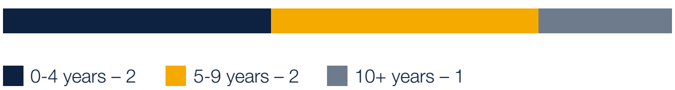
Background and relevant experience: He joined Cordea Savills in January 2004 as Head of Business Development. He was subsequently appointed Chief Executive of Cordea Savills in January 2006. Justin previously held a number of senior positions at Henderson Global Investors, Lend Lease and the AMP Society.

Effectiveness

Board composition and balance

Balance of Non-Executive Directors and Executive Directors

Length of Tenure of Non-Executive Directors



At all times during the year at least half of the Board members, excluding the Chairman, were Independent Non-Executive Directors.

The posts of Chairman and Group Chief Executive are distinct and separate. The Chairman leads the Board and ensures the effective engagement and contribution of all Executive and Non-Executive Directors. The Group Chief Executive has responsibility for all Group businesses and acts in accordance with the authority delegated by the Board. There are a number of areas where the Board has delegated specific responsibility to management, including responsibility for the operational management of the Group's businesses as well as reviewing strategic issues and risk matters in advance of these being considered by the Board and/or its Committees.

Accordingly, the Board considers that throughout the year the Company was in full compliance with the Code.

In this regard, the Board considers Martin Angle, Tim Freshwater, Clare Hollingsworth and Charles McVeigh to be Independent Non-Executive Directors, as they are independent of management and have no business or other relationship which could interfere materially with the exercise of their judgement. In particular, and notwithstanding his long service on the Board, the Board continues to consider that Charles McVeigh remains entirely independent in character and judgement. Martin Angle is the Senior Independent Director and is available to shareholders if they have concerns which have not been addressed by contact with the Chairman and/or Group Chief Executive.

The Board is satisfied that the Chairman and each of the Non-Executive Directors committed sufficient time during the year to enable them to fulfil their duties as Directors of the Company. None of the Non-Executive Directors has any conflict of interest which has not been disclosed to the Board in accordance with the Company's Articles of Association ('Articles').

In accordance with the provisions of the Code it is our intention to conduct an external independent evaluation of Board effectiveness and performance and that of its principal Committees at least every three years.

In this regard, IDDAS was engaged by the Board to conduct an independent assessment of board effectiveness in 2013. The review was designed to build upon the learning gained in the previous reviews to measure progress year on year and to confirm that the actions agreed by the Board in the light of previous reviews had been addressed. IDDAS met with individual Board members separately to undertake their review.

On completion of the review process, IDDAS presented their report, covering the key themes and issues raised, and made a number of recommendations to further enhance Board effectiveness. In the light of this review the Board has reconfirmed its objectives for 2014 as being (i) to further develop the Group's global approach to client servicing, (ii) to ensure, having agreed plans at senior level, that management has implemented appropriate succession plans at business level and continued to develop the Group's talent management initiatives and (iii) to ensure the continued interaction with executives and teams individual businesses.

The report also concluded that the contribution made by each Director continued to be effective and that each Director continued to demonstrate commitment to the role and that the Company should therefore support their re-election to the Board at the AGM in May.

The skills and experience of the Directors, are set out on page 42.

Diversity

The Board is aware that the number of women on boards remains a topic for debate for companies and regulators. We agree fully with the spirit and aspirations of the Davies' Report to increase the number of women on company boards. However, we continue to view diversity in its broadest sense with a view to appointing the best placed individual for the role.

In a sector which historically has struggled to retain a high percentage of female leaders, we are striving to redress the balance with our successful graduate recruitment programme which aims to have a balanced intake of males and females and should help to ensure that there continues to be a diversity of talent within the Company from which we can draw the future leaders of our Company.

The biographies of the Board members appear on page 42.

Board induction and training

To ensure a full understanding of Savills and its businesses, on appointment each new Director undergoes an induction programme which introduces the Director to the Group's business, its operations, strategic plans, key risks and its governance arrangements, and includes one to one briefings from the Heads of the Principal Businesses and an introduction to each Group business's development strategy.

Ongoing training courses are available and Directors also receive regular updates on developments in legal and regulatory matters.

Directors' conflicts of interest

Directors have a statutory duty to avoid situations in which they have, or could have, an interest that conflicts or possibly may conflict with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised by the other Directors in accordance with the Articles. The Board has adopted a set of guiding principles on managing conflicts and approved a process for identifying current and future actual and potential conflicts of interest. It was also agreed that the Nomination Committee would review authorised conflicts at least annually or if and when a new potential conflict situation was identified or a potential conflict situation materialised. During 2013, actual and potential conflicts of interest that were identified by each Director were subsequently authorised by the Nomination Committee, subject to appropriate conditions in accordance with the guiding principles.

Nomination Committee Report

Peter Smith
Chairman of the Nomination Committee

The Nomination Committee has an important role to play in ensuring that the Board and its principal Committees have the right mix of skills, experience and diversity to deliver Group strategy and to create value.

In consultation with the Chairmen of the principal Committees, the Nomination Committee will continue to monitor the needs of the Board and its Committees in the context of Group strategy, with the aim of ensuring that the Group's succession planning policy evolves such that there is an identifiable supply of talent and experience available to the Board and its Committees from which to select successors.

Meetings
Attendance table

Committee member	Meetings attended	Meetings eligible to attend
Peter Smith	2	2
Martin Angle	2	2
Tim Freshwater	2	2
Clare Hollingsworth	2	2
Jeremy Helsby	2	2

As at 31 December 2013 and up to the date of this Report, the Nomination Committee was primarily composed of Independent Non-Executive Directors. Biographical details relating to each of the Committee members is shown on page 42.

During the year, the Committee comprised the Independent Non-Executive Directors, together with the Chairman and the Group Chief Executive. The Committee Chairman is Group Chairman, Peter Smith (save in circumstances where the Chairman's succession is considered). Any other Director, Group Legal Director & Company Secretary or an external adviser may be invited by the Committee to attend the meetings from time to time, as appropriate.

The Committee meets at least twice a year, or as required, and met twice during 2013. There was full attendance at all meetings by members, as shown in the table above. Members of the Committee also attend the Company's AGM at which there is an opportunity to meet with shareholders. The Committee Chairman is on hand to answer questions in the event that shareholders ask specific questions related to the Nomination Committee and its activities.

Committee objective and activities
The primary objective of the Committee is to review the size and composition of the Board and its key Committees and to plan for its progressive refreshing, with regard to balance and structure.

The Committee has standing items that it considers regularly under its Terms of Reference, for example the Committee considered and approved the Directors' potential Conflicts of Interest and reviewed its own Terms of Reference (which are reviewed at least annually or as required, eg to reflect changes to the UK Corporate Governance Code or as a result of changes in regulations or best practice).

More detailed information on the role and responsibilities of the Committee can be found in the Committee's Terms of Reference which can be accessed on the Company's website at www.savills.com.

Succession planning and diversity
The Company adopts a formal, rigorous and transparent procedure for the appointment of new Directors and key Senior Executives with consideration to gender and diversity in its widest sense. Before making an appointment, the Committee assesses the balance of skills, knowledge, independence, experience and diversity of the Board and, in view of this assessment, will draw up a description of the role and competencies needed, with a view to appointing the best placed individual for the role. The Company uses recruitment consultants to assist the Committee in delivering its objectives and responsibilities. No Director is involved in decisions regarding his or her own succession.

Coming year
In the coming year we will continue will keep the Board's composition under review and the Committee will consider how it may be enhanced to ensure that the Board continues to reflect the needs of the Company and its shareholders.

Accountability

Risk and internal control

The Board has overall responsibility for ensuring that risk is effectively managed across the Group. Risk management is implemented from the top down. The Board is supported by the Audit Committee in discharging its oversight duties with regard to internal control and risk management.

The Board is responsible for establishing and maintaining the Group's system of risk management and internal control to safeguard shareholders' investments and the Group's Assets and for reviewing the effectiveness of this system. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board's attitude and appetite to risk is communicated to the Group's businesses through the strategy planning processes and the Audit Committee monitors the ongoing status and progress of action plans against key risks on a regular basis and reports its findings to the Board.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 37. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 26 to 28. In addition, Note 3 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources, including a £90m committed revolving credit facility augmented by a £90m 'accordion' facility extension option that runs to June 2017, together with a broad spread of businesses across different geographic areas and sectors. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Report and Accounts.

Audit Committee Report

Martin Angle
Chairman of the Audit Committee

The Audit Committee has a key role in ensuring the integrity of the Group's financial statements and the effectiveness of its risk management processes and internal controls. During the year, its activities continued to be focused on the integrity and quality of the Group's financial reporting, the performance of the internal and external audit processes, the suitability of the Group's system of internal governance and control (including receiving and considering reports from Internal Audit and a broad range of compliance related matters). The Committee will continue to monitor its activities in the light of regulatory and best practice developments.

The Audit Committee has reviewed the content of this year's Annual Report and Accounts and advised the Board that, in its view, the Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Committee noted the unqualified opinion from the External Auditors.

Meetings

Attendance table

Committee member	Meetings attended	Meetings eligible to attend
Martin Angle	4	4
Tim Freshwater	4	4
Clare Hollingsworth	4	4

As at 31 December 2013 and up to the date of this Report, the Audit Committee was composed entirely of Independent Non-Executive Directors. Every member of the Committee is considered to have recent and relevant financial experience as required by the UK Corporate Governance Code. Biographical details of the Committee members are shown on page 42.

The Committee met four times during the year and there was full attendance at all meetings by members, as shown in the table above.

Committee meetings are attended by Committee members and, by invitation, the Non-Executive Chairman, Group Chief Executive, Group Chief Financial Officer, Group Financial Controller, Group Risk Director, Group Legal Director & Company Secretary and other senior executives of the Group.

The Chairman of the Committee meets informally and is in regular contact with the Group Chief Financial Officer, Group Risk Director and Group Legal Director & Company Secretary and senior members of the external audit team. This group generally meets ahead of each full Committee meeting to prepare and identify key areas for consideration by the Committee. At least once a year, the Committee meets separately with the External Auditor and with management without the other being present.

The Chairman of the Committee also attends the AGM to respond to shareholder questions that might be raised on its activities.

Composition

The Audit Committee is chaired by Martin Angle; he is supported by two independent Non-Executive Directors Tim Freshwater and Clare Hollingsworth.

Members of the Committee are appointed by the Board following recommendations by the Nomination Committee and membership is reviewed annually by the Nomination Committee as part of the annual Board performance evaluation.

All members of the Committee receive an appropriate induction which includes an overview of the business, its financial dynamics and risks. Committee members are expected to have an understanding of the principles of, and recent developments in, financial reporting and their application as well as the roles of the internal and external audit functions.

Role, objectives and responsibilities

The Committee's role is to assist the Board in discharging its duties and responsibilities for financial reporting, internal control and in making recommendations to the Board on the appointment of the independent External Auditors. The Committee is responsible for the scope and results of the audit work, its cost effectiveness and the independence and objectivity of the External Auditors.

The Committee is authorised to investigate any matter within its Terms of Reference (a copy of which can be found on the Company's website at www.savills.com) and has access to the services of the Group Legal Director & Company Secretary and, where necessary, the authority to obtain external legal or other independent professional advice in the fulfilment of its duties.

The Committee has responsibility for reviewing the Group's whistle-blowing arrangements and ensuring that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of alleged impropriety, and for ensuring that appropriate follow-up actions are taken.

Activities

The Committee works to a planned programme of activities focussed on key events in the annual financial reporting cycle and standing items that it considers regularly under its Terms of Reference. To enable the Committee to carry out its duties and responsibilities effectively, it relies on information and support from management across the business. The Committee reviews reports and presentations from management and the Internal and External Auditors, questions and where appropriate, challenges information and reports its findings back to the Board.

The principal activities of the Committee during the year are set out below:

– review and discussion of the key accounting considerations and judgements reflected in the Group's results for the Half Year ended on 30 June 2013;
– agreement of the external audit strategy and scope for the year ended 31 December 2013;
– review and discussion of the key accounting considerations and judgements reflected in the Group's results for the year ended on 31 December 2013;
– review and consideration of the External Auditors' Report for the year ended 31 December 2013, including the External Auditors' observations on the Group's Internal Control environment;
– review the valuation practices and controls across the Group's business;
– review the strategies and policies being pursued to mitigate risks and reconfirm the Group's risk appetite;
– review of the Group's whistle-blowing arrangements, reports made under these during the year ended 31 December 2013 and the result of consequent investigations;
– receiving and considering reports from the Group's Internal Audit team covering various aspects of the Group's operations, controls and processes and monitoring the progress made by management in addressing recommendations arising out of these reports;
– considering and where appropriate approving the instruction of the Group's External Auditors on non-audit assignments during the year ended 31 December 2013.

In particular, the Committee also considered the global threat of cyber crime on businesses by criminals using online tools to extract intellectual property and other competitive data. To establish the level of potential risk, the Committee used the Cabinet Office/BIS '10 steps to cyber security' model to review the key elements of the Group's information risk management arrangements. The Committee will continue to review, develop and monitor the Group's information risk management arrangements so as to manage the risk of cyber crime to the Group's businesses.

Significant accounting issues

The significant accounting issues considered by the Committee and discussed with the External Auditor during the year were:

– **Management override of internal controls:** the Committee considered the presumed risk of management override of internal controls as defined by the auditing standards. In so doing, the Committee reviewed the robustness and effectiveness of the overall control environment of the Group, including consideration of the Group's whistle-blowing arrangements and the reviews conducted by the Internal and External Auditors and, was satisfied that there were no issues arising.

– **Goodwill impairment:** the Committee received reports from management on the carrying value of the Group's businesses, including goodwill. The Committee reviewed management's recommendations, which were also considered by the External Auditors, including evaluation of the appropriateness of the assumptions applied in determining asset carrying values, After review, the Committee was satisfied with the assumptions and judgements applied by management and, with the support of the External Auditors, concluded that no impairment of carrying values was required.

– **Presumed risk of fraud in revenue recognition:** The Committee considered the presumed risk of fraud as defined by the auditing standards and was satisfied that there were no issues arising.

– **Litigation:** The Group is subject to various legal actions and proceedings in the ordinary course of business. The Committee reviewed the provisions held in relation to each significant legal case and assessed the appropriateness of these as at 31 December 2013 taking into account the Group's insurance cover and the advice received from external counsel to ensure that appropriate provision had been made. The Committee agreed with the position taken by management in respect of this matter.

The effectiveness of Internal Audit

The provision of Internal Audit services during 2013 was jointly delivered by the Group's Internal Audit team and a panel arrangement with BDO LLP and Grant Thornton LLP. The Board's responsibility for internal control and risk is detailed on page 29 and is incorporated into this Report by reference.

During the year, the Committee reviewed and approved the Internal Audit plan, having regard to the complementary roles of the Internal and External Audit functions. The Committee ensured that the Internal Audit team had the necessary resources and information made available to it to enable it to fulfil its mandate to the appropriate professional standards. The Committee reviewed Internal Audit reports on a regular basis and the Group Risk Director and the Head of Internal Audit attended meetings and presented to the Committee. In assessing the performance of the Internal Audit function, the Committee considered and monitored their effectiveness in the context of the Company's risk management system and took into account management's assessment of and responsiveness to the Internal Auditor's findings and recommendations and reports from the External Auditor on any issues identified during the course of their work.

Having reviewed the effectiveness of the system of internal control, the Committee was satisfied that necessary actions have been, or are being taken to remedy any significant failings or weaknesses identified.

The integrity of the Group's relationship with the External Auditor and the effectiveness of the External Audit process

The Committee carried out a review of the effectiveness of the external audit process and considered the re-appointment of PricewaterhouseCoopers LLP ('PwC') and the appropriateness of its fees. The review covered a broad range of matters, including amongst other factors the quality of PwC staff, its expertise and resources and the independence of the PwC audit.

In the course of its review the Committee considered the audit plan for the year and determined how the Auditors had performed to the plan. In deciding whether to recommend the reappointment of PwC the Committee considered the robustness of challenge and findings on areas which require judgement; the strength and depth of the lead partners at key locations; and feedback from Savills management.

There were no significant findings arising from the evaluation this year and the Committee concluded that both the audit and the audit process were effective. It therefore recommended to the Board that PwC be re-appointed as Auditors for a further year. Accordingly, a resolution recommending their reappointment will be put to shareholders at the 2014 AGM.

In 2012, the Financial Reporting Council ('FRC') amended the UK Corporate Governance Code to introduce audit tendering every ten years on a comply or explain basis for FTSE350 Companies such as Savills. This new provision applied to financial years beginning on or after 1 October 2012. The FRC also suggested non-binding transitional arrangements with respect to audit tendering. In 2013, the Competition Commission ('CC') published its report into the FTSE350 audit market and proposed remedies similar to those of the FRC, albeit that the CC's proposals will be mandatory and were not expected to come into effect until late in 2014. Further in December 2013, EU regulations were finalised to require Auditors of public interest entities to be rotated every ten years. Alongside the decision on Auditor engagement, the EU agreed new arrangements on the provision of non-audit services whereby a cap of 70% of the audit fee will be imposed (based on a three-year average at the group level) and there will be an extensive list of prohibited services.

Due to the complexity arising from the three sets of regulations, there is still a considerable degree of uncertainty and further consultation is underway by the FRC and the CC in relation to auditor rotation, the outcome of which will not be known until sometime later in 2014.

PwC has been the Company's Auditors since 2001 when it won a tender for the external audit. The senior partner responsible for the Group's audit must be rotated every five years to ensure objectivity. The last lead partner change took place in 2011.

The Committee has considered the FRC's suggested non-binding transitional arrangements with respect to audit tendering and as a consequence, will consider the tendering arrangements towards the conclusion of the current audit partner's period in office or earlier if there is cause to do so.

The Committee will keep these matters under review to ensure that the Company continues to comply with the prevailing provisions in respect of Auditor engagement, rotation of the senior partner and the provision of non-audit services by the Auditors.

The Committee considers on an ongoing basis, the independence of the External Auditors and has established policies to consider the appropriateness or otherwise of appointing the External Auditors to perform non-audit services, including consideration as to whether the External Auditors are the most suitable supplier of such services.

During the year, PwC was paid £0.9m for audit services. PwC has also provided certain non-audit services to the Group, principally advice on taxation and transaction related matters for which it has been paid a further £0.6m. Details of the fees paid to the Auditors can be found in Note 7(c) to the financial statements. Contracts for non-audit services in excess of £100,000 require Committee approval. Below this level the Chairman of the Audit Committee is notified of new instructions for the delivery of non-audit services.

The Committee is satisfied that in view of their knowledge and experience of the Company PwC was best placed to provide such non-audit services and that their objectivity has not been impaired by reason of this further work. However, in line with Company's policy on the provision of non-audit work, the Committee will review the provision of non-audit work provided by the External Auditors on a case by case basis.

The following non-audit services may not be provided by the External Auditors:

- bookkeeping or other services related to the accounting records or financial statements;
- financial information systems design and implementation;
- Internal Audit outsourcing services;
- management functions or human resources advice; or
- advising on senior executive (including Executive Director) remuneration.

To further safeguard the independence of the Company's External Auditors and the integrity of the audit process, recruitment of senior employees from the External Auditors is not allowed for an appropriate period after they cease to provide services to the Company.

Disclosure of relevant audit information

The Directors confirm that, insofar as they are each aware, there is no relevant audit information of which PwC is unaware and each Director has taken the steps that ought to have been taken as a Director to be aware of any relevant audit information and to establish that PwC is aware of that information.

Relations with shareholders

The Group recognises the importance of maintaining regular dialogue with its shareholders. The Group Chief Executive and Group Chief Financial Officer lead a regular programme of meetings and presentations with analysts and investors, including presentations following the publication of the Company's full and half year results. This programme maintains an ongoing two-way dialogue between the Company and shareholders, and helps to ensure that the Board is aware of shareholders' views on a timely basis. The Board also receives feedback at least twice each year from its corporate brokers on investors' and the market's perceptions of the Company. The Chairman and the Senior Independent Director are also available to shareholders. Details of how the Company has considered shareholders' views with regard to the Group's remuneration policy can be found on page 55.

The AGM provides the Board with a valuable opportunity to communicate with private shareholders and is generally attended by all of the Directors. Shareholders are given the opportunity to ask questions during the meeting and to meet Directors following the conclusion of the formal part of the meeting. In accordance with the Code, the level and manner of voting of proxies lodged on each resolution at the AGM is declared at the meeting and published on the Company's website. The outcome of the votes cast at the 2013 AGM in respect of the 2012 Directors' Remuneration Report can be found on page 71. The Directors aim to give as much notice of the AGM as possible, which is at least 21 clear days, as required by the Companies Act 2006 ('CA2006'). However, in order to preserve the Directors' flexibility to call general meetings (other than an AGM), the Directors sought and received authority from shareholders at its 2013 AGM to call such meetings on 14 clear days' notice. It is the Directors' intention to seek to renew this authority at the AGM to be held on 12 May 2014. The Directors confirm that the shorter notice period would not be used as a matter of course, but only in situations where flexibility is merited by the business of the meeting and is in the interests of shareholders. More details of all of the resolutions to be proposed at the 2014 AGM can be found in the AGM Notice which accompanies the Report and Accounts.

In accordance with the Articles, electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before a general meeting.

The Company has taken advantage of the provisions within the 'CA2006' which allow communications with shareholders to be made electronically where shareholders have not requested hard copy documentation. Details of the information available to shareholders can be found on page 127. Information about the Company is also available on the Company's website (www.savills.com).

Report of the Directors
Other statutory information

The information below, is incorporated into this Report by reference.

Operations
The Company and its subsidiaries (together the 'Group') operate through a network of offices and associates throughout the Americas, the UK, Continental Europe, Asia Pacific, Africa and the Middle East.

Results for the year
The results for the Group are set out in the consolidated income statement on page 76 which shows a reported profit for the financial year attributable to the shareholders of the Company of £50.8m (2012: £36.8m).

Dividend
An interim dividend of 3.5p per ordinary share amounting to £4.5m (2012: £4.1m) was paid on 14 October 2013. It is recommended that a final dividend of 7.0p per ordinary share (amounting to £9.0m) is paid, together with a supplemental interim dividend of 8.5p per ordinary share (amounting to £11.0m) to be declared by the Board on 19 March 2014, on 21 May 2014 and paid to shareholders on the register at 22 April 2014. More details of the proposed dividend and the Company's performance can be found in the Chairman's statement on pages 2 and 3.

Principal developments
The development of the business is detailed in the Strategic Report on pages 2 to 37.

The principal risks and uncertainties are detailed on pages 29 to 33.

Directors
Short biographical details of the current Directors are shown on page 42. All the Board members served throughout the year. The Board comprises the Non-Executive Chairman, two Executive Directors and four Independent Non-Executive Directors.

Clare Hollingsworth will stand down from the Board at the conclusion of the AGM on 12 May 2014 following which Tim Freshwater will become the Chairman of the Remuneration Committee.

Interests in the issued share capital of the Company held at the beginning under review and up to the date of this Report by the Directors or their families are set out on page 69 of the Remuneration Report. Details of share options held by the Directors pursuant to the Company's share option schemes are provided in the Remuneration Report on page 70. It is the Board's policy that the GEB Members should retain at least 105,000 shares (value at 31 December 2013: £678,300) in the Company and that the Group Chief Executive retains at least 150,000 shares (value at 31 December 2013: £969,000) (based on the mid-market share price of 646p per share on 31 December 2013) at all times.

Directors' interests in significant contracts
No Directors were materially interested in any contract of significance.

Statement of Directors' responsibilities
In accordance with the Code and the Disclosure and Transparency Rules ('DTR') DTR4, the Directors' Responsibilities Statement is set out on page 72 and is incorporated into this report by reference.

Management Report
This Directors' Report, on pages 38 to 53, together with the Strategic Report on pages 2 to 37, form the Management Report for the purposes of DTR 4.1.5R.

Additional Information Disclosure
Pursuant to regulations made under the CA2006 the Company is required to disclose certain additional information. Those disclosures not covered elsewhere within this Annual Report are as follows:

Share capital and major shareholdings
The issued share capital of the Company as at 31 December 2013 comprised 134,280,732 2.5p ordinary shares details of which may be found on page 119.

The Company has only one class of share capital formed of ordinary shares. All shares forming part of the ordinary share capital have the same rights and each carries one vote.

Votes may be exercised in person, by proxy or by corporate representatives (in relation to corporate members). The Articles provide a deadline for the submission of proxy forms (electronically or by paper) of not less than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting.

There are no unusual restrictions on the transfer of ordinary shares. The Directors may refuse to register a transfer of a certificated share unless the instrument of transfer is: (i) lodged at the registered office of the Company or any other place as the Board may decide accompanied by the certificate for the shares to be transferred and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; or (ii) in respect of only one class of shares.

The Directors may also refuse to register a transfer of a share (whether certificated or uncertificated), whether fully paid or not, in favour of more than four persons jointly. The Board may also close the register of shareholders for up to 30 days effectively suspending the registration of all transfers; however, in respect of uncertificated shares, consent from CREST would be required for such a closure.

As at 19 March 2014 the Company had been notified of the following interests in the Company's ordinary share capital in accordance with Chapter 5 of the UK Listing Authority's Disclosure and Transparency Rules:

Shareholders	Number of shares	%
Franklin Templeton Institutional, LLC	13,419,706	9.99
Old Mutual plc	8,177,923	6.09
Franklin Templeton Investment Management Limited	6,705,679	5.02
Artisan Partners Limited Partnership	6,530,863	4.90
Heronbridge Investment Management LLP	5,404,296	4.05
Ignis Investment Services Limited	5,378,874	4.01
BlackRock, Inc	4,227,835	3.17

As at 31 December 2013, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 5,525,661 shares. Any voting or other similar decisions relating to these shares are taken by the trustees of the EBT, who may take account of any recommendation of the Company. The EBT waives all but 0.01p per share of its dividend entitlement. For further details of the EBT please refer to Note 2 to the financial statements.

Purchase of own shares
In accordance with the Listing Rules, at the AGM on 8 May 2013, shareholders gave authority for a limited purchase of Savills shares of up to 10% of the issued share capital. During the year, no shares were purchased under the authority.

The Board proposes to seek shareholder approval at the AGM on 12 May 2014 to renew the Company's authority to make market purchases of its own ordinary shares of 2.5p each for cancellation or to be held in treasury. Details of the proposed resolution are included in the Notice of AGM circulated to shareholders with this Annual Report (the 'AGM Notice').

Change of control
There are no significant agreements which take effect, alter or terminate in the event of change of control of the Company except that under its banking arrangements, a change of control may trigger an early repayment obligation.

Articles of Association
The Company's Articles are governed by relevant statutes and may be amended by special resolution of the shareholders in a general meeting.

The Company's rules about the appointment and replacement of Directors are contained in the Articles. The powers of the Directors are determined by UK legislation and the Articles in force from time to time.

Unless determined by ordinary resolution of the Company, the number of Directors shall be not less than three and not more than 18. A Director is not required to hold any shares in the Company by way of qualification. However, as more fully described on page 51, in accordance with Board policy, the members of the GEB (which includes the Executive Directors) are expected to build up and maintain a shareholding in the Company. The Board may appoint any person to be a Director and such Director shall hold office only until the next AGM when he or she shall then be eligible for reappointment by the shareholders. The Articles provide that each Director shall retire from office at the third AGM after the AGM at which he or she was last elected. A retiring Director shall be eligible for re-election. However, in accordance with the Code. All Directors of the Company are subject to annual re-election.

Annual General Meeting
The AGM is to be held at 33 Margaret Street, London W1G 0JD at 12 noon on 12 May 2014; details are contained in the AGM Notice circulated to shareholders with this Report.

Half Year Report
Like many other listed public companies, we no longer circulate printed Half Year reports to shareholders. Rather, Half Year results' statements are published on the Company's website. This is consistent with our target of saving printing and distribution costs.

Political contributions
There were no political contributions during the year (2012: £nil).

Employees' policies and involvement
The Directors recognise that the quality, commitment and motivation of Savills staff is a key element in the success of the Group; see pages 34 to 37 for more information.

The Group provides regular updates covering performance, developments and progress to employees through regular newsletters, video addresses, the Group's intranet, and social media and through formal and informal briefings. These arrangements also aim at ensuring that all of our staff understands our strategy and to build knowledge on the part of employees of matters affecting the performance of the Group. The Group also consults with employees so as to ascertain their views in relation to decisions which are likely to affect their interests.

Employees are able to share in the Group's success through performance related profit share schemes (see page 59 for more details) and for UK employees (including Executive Directors), share plans which include a Sharesave Scheme and a Share Incentive Plan ('SIP'). The Sharesave Scheme is an HMRC approved save-as-you-earn share option scheme which allows participants to purchase shares out of the proceeds of a linked savings contract at a price set at the time of option grant. Participants may elect to save up to £500 per month and options may normally be exercised in the six months following the maturity of the linked three-year savings contract. The potential for extending the Sharesave Scheme internationally remains under consideration. The SIP is also HMRC approved and through which participants may make regular purchases of shares (up to £150 per month which is the current statutory limit) from pre-tax income. Shares under the SIP normally vest after five years free from income tax and national insurance contributions.

Human Rights and equal opportunities
We support the principles of the UN Universal Declaration of Human Rights and the Core Principles of the International Labour Organization.

It is Group policy to provide employment on an equal basis irrespective of gender, sexual orientation, marital or civil partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age. In particular, the Group gives full consideration to applications for employment from disabled persons. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment and to provide training and career development and promotion to disabled employees.

Independent Auditors

In accordance with Section 489 of the CA2006, a resolution for the reappointment of PricewaterhouseCoopers LLP as Auditors of the Company will be proposed at the forthcoming AGM.

Whistle-blowing

The Group encourages staff to report any concerns which they feel need to be brought to the attention of management. Whistle-blowing procedures, which are published on the Group's intranet site, are available to staff who are concerned about possible impropriety, financial or otherwise, and who may wish to ensure that action is taken without fear or victimisation or reprisal.

Greenhouse Gas Emissions

Details of the Group's global greenhouse gas emissions for the financial year under review can be found on page 37.

By order of the Board

Chris Lee
Group Legal Director & Company Secretary

19 March 2014

Savills plc
Registered in England No. 2122174

Directors' Remuneration report

Annual statement

Clare Hollingsworth
Chairman of the Remuneration Committee

2009 – 2013 Overview

Underlying Profit Before Tax	▲ 198%
Dividend Payments to Shareholders*	▲ 123%
Executive Director Remuneration**	▲ 142%
Total Shareholder Return	▲ 236%

* The dividend cost stated for 2013 comprises the cost of the final dividend recommended by the Board (amounting to £9m), payment of which is subject to shareholder approval at the Company's AGM scheduled to be held on 12 May 2014, and the cost of the supplemental dividend (£11m) declared by the Board on 19 March 2014 (payable to shareholders on the Register of Members as at 22 April 2014) and the interim dividend (£4.5m) paid on 14 October 2013 and is based on the number of shares in issue as at 31 December 2013.

** Executive Director remuneration comprises the remuneration paid to the Group Chief Executive and Group Chief Financial Officer role holders between 2009 and 2013. Since 1 July 2010 the Executive representation on the Board has comprised these role holders.

Dear Shareholder

On behalf of the Board, I am pleased to introduce our 2013 Directors' Annual Remuneration report (the 'Report') which sets out our philosophy and policy in relation to Directors' remuneration and the activities of the Remuneration Committee (the 'Committee') for the period to 31 December 2013.

The Report is divided into two sections as follows:

– the Company's remuneration strategy and our proposed formal Directors' remuneration policy (the 'Policy') on pages 57 to 64, being the components of Directors' remuneration and which will, subject to shareholder approval at the Company's AGM on 12 May 2014, apply from that date; and
– the implementation of remuneration policy in the year to 31 December 2013 on pages 65 to 71.

Our remuneration philosophy

Our focus and business policy is founded on the premise that staff in our sector are motivated through highly incentive based (and therefore variable) remuneration consistent with our partnership style culture. We firmly believe that this approach best aligns shareholders' and management's interests and incentivises superior performance and the creation of long term shareholder value. This approach also ensures that our reward arrangements are consistent with and sensitive to the cyclical nature of real estate markets.

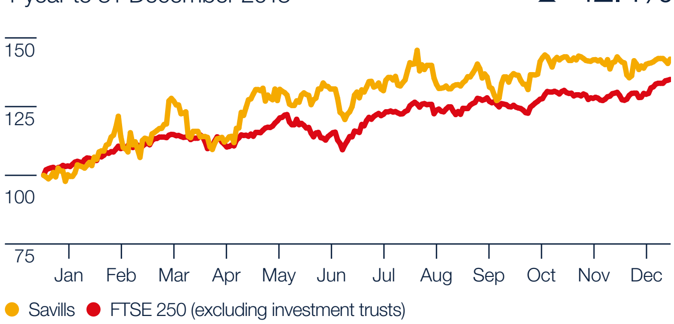
Our Policy is designed to deliver these objectives and to provide the reward potential necessary for the Company to attract, retain and motivate the high calibre individuals on whom its continued growth and development depend. Reflecting this philosophy, the salaries for the Executive Directors, GEB members and senior fee-earners are set below market medians for similar businesses, with a greater emphasis on the performance related elements of profit share and/or, outside of the UK, commission in the total reward package.

The Committee believes that the current executive remuneration strategy has worked well both in the near term and over the longer term in motivating and retaining our executive team as well as supporting the delivery of superior returns to shareholders. Our performance related remuneration structure has meant that in years where the business has performed well, executives have shared in the returns delivered to shareholders, whilst in more challenging years (for example during and for the period after the global financial crisis) executive reward reduced in line with profit delivery. This link is demonstrated in the table above where, in the five years between 2009 and 2013, underlying profit grew by more than 198% and dividend payments to shareholders* increased by 123%. This is notwithstanding the variable market conditions, which were sometimes challenging. Over the same period we pursued our strategy of progressively building our non-transactional businesses, which provide more stable, long term earnings, to balance our transactional businesses which are more dependent on the cycle. We also broadened our geographic footprint. Reward during this period overall for Executive Directors** rose by 142% reflecting this performance and our progress in delivering our strategy, albeit in some years reward reduced year on year reflecting performance.

Underlying Profit Before Tax

Underlying Earnings per Share ('EPS')

Total Shareholder Return ('TSR') (rebased)
1 year to 31 December 2013



The Committee is mindful of its responsibility to reward appropriately, but not excessively, and rigorously assesses competitive positioning in setting remuneration and determining targets to ensure that reward properly reflects performance, that it supports the delivery of our strategic and operational objectives and that it is fair to management and shareholders alike. Overall, we expect employment costs over the cycle to be in the range of 60% to 65% of revenues.

To ensure that the Committee was receiving appropriate external advice, particularly in the context of the complexity of the new remuneration reporting regime, it reviewed its ongoing external advice requirements. Following a formal review process, Deloitte LLP was appointed external independent adviser to the Committee.

There were no changes to our remuneration policy in 2013, and none are anticipated in the coming three years to 31 December 2016, although the Committee will continue to keep the reward structure under review.

2013 remuneration

During 2013 the base salaries of the Executive Directors were reviewed, but not increased.

Profit share awards for the Executive Directors for the year were assessed against a combination of the Group's financial performance, which exceeded expectations, and personal performance, measured in terms of the delivery of, or progress towards, strategic and operational objectives.

Reflecting the Group's very strong performance in 2013, profit share awards of 86% of maximum potential were earned by the Executive Directors (compared with approximately 65% in respect of 2012), of which 27% will be delivered in the form of Savills shares, deferred for a further three years.

The 2011 Performance Share Plan ('PSP') awards are due to vest in May 2014 based on performance to 31 December 2013. Both the TSR and EPS growth targets were exceeded and the awards should therefore vest in full.

2014 remuneration

The operation of executive remuneration will remain largely unchanged in 2014. The base salaries of the Executive Directors have been reviewed, but will not be increased. The established incentive policy will continue to be applied. Under the PSP the Group Chief Executive is also eligible to receive awards up to the value of £450,000 and the Group Chief Financial Officer £250,000.

During 2013, we received feedback from some institutional shareholders on the operation of the PSP. In the light of this and having taken into account market conditions, the Committee reviewed the EPS target attaching to PSP awards, and resolved that the vesting maximum for EPS growth targets for awards granted in 2014 should be increased from RPI plus 8% p.a. compound to RPI plus 10% p.a. compound. The Committee is satisfied that this level is both appropriately stretching and incentivising.

New reporting framework

This year's Report complies with the new reporting requirements and other developments in respect of Directors' remuneration, particularly with regard to the simplification and separation of future policy, past pay, and transparency.

Shareholders will be asked to vote separately on our proposed Policy and other aspects of our Annual Remuneration Report covering Directors' remuneration arrangements at our AGM to be held on 12 May 2014.

The Committee is appreciative of the significant shareholder support it has enjoyed in recent years and welcomed shareholders' endorsement in favour of the 2012 Directors' Remuneration report. We hope that you find this year's Report just as clear and informative and that you will continue to support us by voting in favour of the resolutions at the Company's AGM on 12 May 2014.

Finally, this is my last year as Chairman of the Remuneration Committee as I will be stepping down from the Board at the 2014 Annual General Meeting and I wanted to thank my fellow Committee members and our shareholders for their support over the past two years. Tim Freshwater, who has been a member of the Committee since January 2012, will be succeeding me in this role. I am sure that under Tim's leadership the Remuneration Committee is well placed to support the Company in the future.

Clare Hollingsworth
Chairman of the Remuneration Committee

Remuneration Committee report

Role of the Committee
The principal role of the Remuneration Committee is to support the Group to achieve its strategic objectives by designing a remuneration policy consistent with the Group's business model such that we have the ability to attract, recruit, retain and motivate the high calibre individuals needed to deliver the Group's strategy. The Committee is responsible for the broad policy governing senior staff pay and remuneration. It sets the actual levels of all elements of the remuneration of the Executive Directors and reviews that of GEB members. The Policy remains under periodic review to ensure that it remains consistent with the Company's scale and scope of operations, supports business strategy and growth plans and helps drive the creation of shareholder value. The Committee also oversees the operation of Savills employee share schemes.

Remuneration Committee members and attendees
As shown in the table below, the Committee comprises the Independent Non-Executive Directors and the Non-Executive Chairman:

Remuneration Committee member	Position	Status
Clare Hollingsworth	Chair of the Committee	Independent
Martin Angle	Member of the Committee	Independent
Tim Freshwater	Member of the Committee	Independent
Peter Smith	Member of the Committee	Non-Executive Chairman

Remuneration Committee attendee	Position	Status
Jeremy Helsby	Group Chief Executive	Attends by invitation (except when his own remuneration is discussed)
Chris Lee	Group Legal Director & Company Secretary	Provides advice and support as well as acting as Secretary to the Committee (except when his own remuneration is discussed)

Meetings
Attendance table

Committee member	Meetings attended	Meetings eligible to attend
Clare Hollingsworth	3	3
Martin Angle	3	3
Tim Freshwater	3	3
Peter Smith	3	3

As at 31 December 2013 and up to the date of this Report, the Remuneration Committee comprised Independent Non-Executive Directors and the Non-Executive Chairman. Biographical details relating to each of the Committee members is shown on page 42.

The Remuneration Committee met three times during the year. The principal agenda items considered by the Committee during the year were as follows:

- reconfirming the Group's remuneration policy in the context of the proposed new legislation relating to executive remuneration;
- agreeing the remuneration packages of the Executive Directors and review of those for GEB members;
- approving the grant of PSP awards;
- approving the grant of share awards to other levels of management;
- reviewing and consequently appointing Deloitte LLP as the Committee's advisers; and
- preparing a Directors' Remuneration Report and formal Remuneration Policy Statement consistent with the new legislation relating to executive remuneration.

Responsibilities of the Committee
The Committee's principal responsibilities are to determine Company policy on senior executive remuneration and to set the remuneration arrangements of the Executive Directors and to review those of the members of the GEB. The Committee (excluding the Non-Executive Chairman) also determines the level of fees payable to the Non-Executive Chairman. In these respects, the Committee is advised by Deloitte LLP, who provide an independent commentary on matters under consideration by the Committee and updates on market developments, legislative requirements and best practice, and internally by the Group Legal Director & Company Secretary.

Given the fundamental role that remuneration plays in the success of the Group, in terms of the recruitment, motivation and retention of high quality staff, the Group Chief Executive attends meetings by invitation and is consulted on the remuneration packages of the Group Chief Financial Officer and GEB members.

Advisers to the Committee
In determining Executive Director remuneration, the Committee has access to detailed external information and research on market trends and peer practice provided by its independent external adviser. To ensure that the Committee continued to receive appropriate external advice, particularly in the context of the complexity of the new remuneration reporting regime, it reviewed its ongoing external advice requirements. Following a formal review process, Deloitte LLP, was appointed external independent adviser. Deloitte's fees are based on time spent advising the Committee, within the parameters of an overall annual budget. In 2013, Deloitte received fees of £23,500 in relation to advice provided to the Committee. The outgoing adviser, Towers Watson received a fee of £18,900 inclusive for services provided to the Committee during the year, prior to the appointment of Deloitte.

The Committee is satisfied that the advice received from both Towers Watson and Deloitte during the year was entirely objective and independent. The Committee will continue to keep these arrangements under review to ensure that they remain appropriate to the needs of the Committee in developing remuneration policy to support the delivery of Group strategy.

Terms of reference
The Committee's terms of reference, which are reviewed annually, or by exception to take account of regulatory changes or best practice, are available from the Group Legal Director & Company Secretary upon request or can be viewed on the Company's website (www.savills.com).

Directors' Remuneration Policy

The Group's remuneration arrangements for the Executive Directors, GEB members and senior fee-earners are structured to provide a competitive mix of variable performance related (ie annual profit share and longer term incentives) and fixed remuneration (principally base salary) to reflect individual and corporate performance. The objective is to set targets which are both achievable and stretching.

In determining the remuneration of the Executive Directors and reviewing that of the GEB members, the Committee reviews the role and responsibility of the individual, their performance and the arrangements applying across the wider employee group. It also considers sector and broader market practice in the context of the prevailing economic conditions and corporate performance on environmental, social and governance issues.

The Policy and its application to the Executive Directors is described in more detail in the pages which follow. The information in this Report has not been audited unless otherwise stated.

Summary policy

The chart and table below and accompanying tables on pages 58 to 63, together provide a summary of the different elements of remuneration, their purpose and linkage to our corporate strategy, and the key features of each component.

Fixed remuneration	Variable remuneration		
Base Salary	**Near term** – Annual Performance Related Profit Share		**Long term** – Performance Share Plan ('PSP')
Pension – Defined contribution	Delivered in part in cash immediately (subject to clawback)	Delivered in part in the form of shares, deferred for three years (subject to clawback)	Awards vest subject to satisfaction of performance conditions, currently comparative TSR performance (50% of award) and EPS growth (50% of award) (subject to malus)
Benefits include – Private medical insurance and car/car allowance			

Fixed remuneration comprises base salary, benefits and the cost of employer pension contributions, while variable remuneration comprises the annual profit share and long term incentive potential (the 'PSP').

Directors' Remuneration Policy

This part of the Report sets out the Policy which will be put forward for shareholder approval at the 2014 AGM in accordance with section 439A of the Companies Act 2006. This policy will apply from the 2014 AGM, subject to shareholder approval.

Policy table

The following table sets out the Policy for each component of Executive Directors' remuneration.

Purpose and link to strategy	Operation	Potential	Performance measures
Base Salary			
– A core component of the total reward package, which overall is designed to attract, motivate and retain individuals of the highest quality.	The Committee considers base salary levels annually taking into consideration: – The Group's philosophy to place greater emphasis on variable, performance related remuneration. – The individual's experience. – The size and scope of the role. – The general level of salary reviews across the Group. – Appropriate external market competitive data.	Set significantly below market median levels with greater emphasis on the performance related elements of reward. For 2014 salaries are: – Group Chief Executive: £225,000. – Group Chief Financial Officer: £175,000. Although salaries are reviewed annually, in line with the Group's philosophy, the Committee does not intend to make annual incremental salary increases for Executive Directors. However, the Committee retains the discretion to award salary increases taking into consideration the factors considered as part of the annual review. There is no overall maximum salary or increase.	n/a

Purpose and link to strategy	Operation	Potential	Performance measures
Pension			
– Provides appropriate retirement benefits. – Rewards sustained contribution.	Defined contribution pension arrangements are provided. HMRC approved salary and profit share sacrifice arrangements are in place. Pension benefits are provided either through a Group personal pension plan, as a non-pensionable salary supplement, contribution to a personal pension arrangement, or equivalent arrangement for overseas jurisdictions. For former members of the defined benefit Pension Plan (the 'Plan') transitional funding arrangements are in place.	For 2014 the pension contribution arrangements are: – Group Chief Executive Officer: 20% of annual base salary. – Group Chief Financial Officer: 18% of annual base salary. As part of the transitional funding arrangements the Group Chief Executive will receive a minimum contribution from 2015 of 14%. The maximum contribution will be no more than the maximum contribution for all former members of the Plan. The maximum contribution for the current Chief Financial Officer is 18%. The Plan is closed to future accruals. However legacy arrangements will be honoured. New recruits would normally participate in defined contribution arrangements or take a non-pensionable salary supplement. The level of contribution would be determined at the time of appointment and may be set at a higher level than the current policy. For international appointments, the Committee may determine that alternative pension provisions will operate, and when determining arrangements the Committee will give regard to the cost of the arrangements, market practice in the relevant international jurisdiction and the pension arrangements received elsewhere in the Group.	n/a
Benefits			
– To provide market competitive benefits.	Benefits currently comprise: – Medical insurance benefits; – Car/car allowance; – Permanent Health Insurance; – Life insurance; and – Directors' and Officers' liability insurance. Other benefits may be provided if the Committee considers it appropriate. Where an Executive Director is located in a different international jurisdiction benefits may reflect market practice in that jurisdiction. In the event that an existing Executive Director or new Executive Director is required by the Group to relocate, other benefits may be provided including (but not limited to) a relocation allowance, housing allowance and tax equalisation.	Car allowance up to a maximum of £9,000 p.a. There is no overall maximum as the cost of insurance benefits depends on the individual's circumstances and the costs of relocation and international benefits will also depend on the jurisdiction.	n/a

Purpose and link to strategy	Operation	Potential	Performance measures
Annual Performance Related Profit Share			
To encourage the achievement of challenging financial, strategic and/or operational targets. Further alignment with shareholders' interests through deferral of a portion into shares.	Annual profit share awards reflect the Group's annual profit performance and personal performance and contribution. Awards are delivered part in cash and part in shares (subject to a minimum cash threshold). The proportion delivered in shares is determined on a progressively increasing scale, up to one third. Shares are normally deferred for a period of at least three years. The Committee awards dividend equivalents in respect of dividends declared over the deferral period. The Committee may exercise its judgement to adjust individual annual bonus payouts should they not reflect overall business performance or individual contribution. Clawback provisions apply in exceptional circumstances such as a material misstatement of the Group's financial results or gross misconduct.	In line with the Group's philosophy, there is greater emphasis on variable performance related pay, while base salaries are set significantly below market median levels. Maximum annual profit share awards are: – £2m p.a. for the Group Chief Executive. – £1.5m p.a. for the Group Chief Financial Officer. For a new Executive Director the Committee would determine the appropriate normal maximum taking into account the role and responsibility, subject to a maximum of £2m p.a.	Performance is primarily measured based on the Group's annual profit performance with at least 70% of awards subject to profit performance. The remainder of the award is based on an appropriate mix of strategic, operational and/or personal performance goals. The award potential at threshold is £0. For on-target performance currently around 50% of the profit share award is awarded.
Performance Share Plan ('PSP')			
To drive and reward the delivery of longer term sustainable shareholder value, aid retention and ensure alignment of senior management and shareholder interests.	Awards of shares subject to a performance period of normally no less than three years. PSP awards may be in the form of nil cost options or conditional awards over shares. Awards may incorporate an award of Company Share Option Plan Options (approved by HMRC). The Committee awards dividend equivalents on a reinvested basis in respect of dividends over the vesting or exercise period. Malus provisions apply, allowing for the reduction of awards in exceptional circumstances of material misstatement or gross misconduct. The Committee may adjust vesting of awards if it considers that the outcome of the measurement of the performance conditions does not accurately reflect the underlying performance or financial health of the Company. In the event the Committee proposes to make an upward adjustment the Committee will consult with major shareholders in advance. The Committee may adjust or amend awards in accordance with the PSP rules.	Maximum annual award potential of 200% of salary (plan rules limit). Award policy for 2014 is: – Up to £450k for the Group Chief Executive. – Up to £250k for the Group Chief Financial Officer. Subject to an overall maximum of £1m per annum per participant. For a new Executive Director the Committee would determine the appropriate normal maximum taking into account the role and responsibility, subject to a maximum of 200% of salary (or if lower £1m p.a.) p.a.	Performance conditions for future awards are reviewed annually to ensure that the measures and their targets remain appropriate to business strategy and are sufficiently challenging, and that the relative balance of the performance measures remains appropriate for properly incentivising and rewarding the creation of longer term sustainable shareholder value. Performance conditions are currently based on two measures: – Relative TSR against the FTSE 250 (excluding investment trusts) or other appropriate comparator group. – A selected earnings based measure. The Committee may review the performance measures for the PSP to ensure they remain aligned to the strategy. The Committee would consult with major shareholders in advance of a change in performance measures used for the PSP. No more than 25% of an award vests for threshold performance.

Purpose and link to strategy	Operation	Potential	Performance measures
Tax advantaged all-employee share plans complying with HMRC regulations			
Share plans available to all UK employees in the Group who satisfy the statutory requirements.	Executive Directors are eligible to participate in any of the Group's all-employee share plans on the same terms as other UK employees.	Maximum in accordance with HMRC defined limits.	n/a
Legacy plans			
The Executive Share Option Scheme ('ESOS') expired in 2011. Options granted under this plan were subject to performance criteria. Outstanding options granted up to and including May 2011 continue to be exercisable in the normal fashion, having satisfied the performance criteria attaching to them.			

The Group also operates a shareholding policy for Executive Directors – details of this can be found on page 51 of this Report.

The Committee may make minor amendments to the Policy (for example for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed before the Policy came into effect or at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes pension payments under legacy defined benefit pension plans and the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment were 'agreed' at the time the award was granted.

Clawback or malus may apply where stated in the above table. Other elements of remuneration are not subject to clawback or malus.

The Committee may increase the proportion of annual performance related profit share deferred into shares.

The PSP will be operated in accordance with the rules of the plan as approved by shareholders. In accordance with those rules the Committee has discretion in the following areas (as well as general administrative discretion):

– the Committee may adjust the number of shares under award if there is a capitalisation, rights issue, subdivision, reduction or any other variation in the share capital, a demerger or special dividend;
– a performance condition for an existing award may be amended if an event occurs which causes the Committee to consider that an amended performance condition would be a fairer measure of performance and would be no less difficult to satisfy;
– on a change of control or winding up the number of shares will be subject to any relevant performance conditions and time pro-rated. The Committee has discretion not to apply this reduction or to apply an alternative or no performance condition. Additionally, participants may have the opportunity to exchange their awards for equivalent awards in the new holding Company; and
– the Committee has the discretion to treat a demerger as an early vesting event on the same basis as a change of control.

Performance measures and target setting

Annual Performance Related Profit Share

Performance measures for the Annual Performance Related Profit Share are intended to provide a balance between incentivising executives to meet near term profit objectives and the creation of longer term shareholder value through an appropriate mix of strategic, operational and personal performance goals.

Consistent with the Group's partnership style culture, annual profit performance is the primary performance measure. Targets are set to be appropriately stretching, by reference to the Group's internal business plans and to align with returns to shareholders over the cycle.

A portion of the award relates to strategic, operational and personal objectives. These objectives are determined annually by the Committee and incentivise sustainable improvements in the underlying drivers of performance and the continued development and further growth of the Group.

Performance Share Plan

For the PSP, the use of a mix of relative shareholder return and earnings measures ensures that the Group's Executive Directors are focused on delivering both absolute bottom line growth and strong returns to shareholders relative to an appropriate comparator group.

In the event the Committee considered it appropriate to change the performance measures for the PSP, any new measure would be selected to be in line with the Group's long term business strategy and to support long term shareholder value creation. The Committee would consult with major shareholders in advance of a change in a performance measure used for the PSP.

The performance targets for the PSP are reviewed periodically and set taking into account market conditions, external market forecasts, internal business forecasts and market practice. The Committee may also adjust the targets in the light of corporate activity (eg merger and acquisition activity), capital events or changes to accounting rules to ensure that targets remain appropriate.

Remuneration arrangements throughout the Group

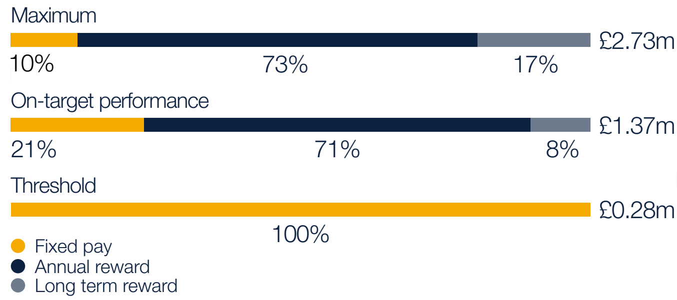
The remuneration policy for Executive Directors follows the same key principle as that for all senior employees in the Group – that salaries are below the market median with a greater emphasis on variable, performance related remuneration. Any differences in the specific policies generally reflect differences in market practice for differences in seniority. For support staff, salaries are set around market median levels to ensure the Group is able to recruit and retain high quality individuals.

Other than Executive Directors, only GEB members are currently eligible to receive awards under the PSP on an annual basis. Other senior staff may be granted share awards under the Company's Deferred Share Plan ('DSP') if there are particular business reasons for applying a retention element to remuneration.

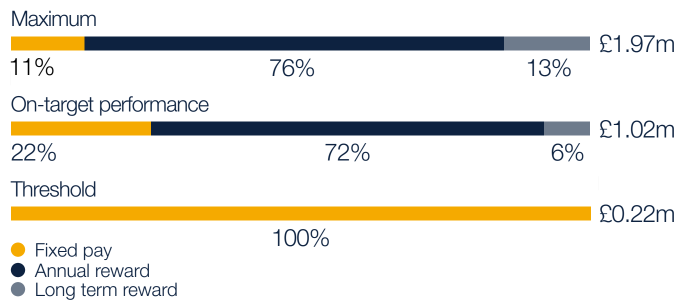
Illustrations of application of the remuneration Policy

The charts opposite illustrate how much the current Executive Directors could earn under three different performance scenarios for 2014: 'Threshold', 'On-target performance' and 'Maximum' – based on the assumptions below:

Group Chief Executive Officer



Group Chief Financal Officer



Element in the above chart	Component	'Threshold'	'On-target'	'Maximum'
Fixed Pay	Base salary	2014 annual base salary		
	Pension	20% of salary for the Group Chief Executive, 18% of salary for the Group Chief Financial Officer		
	Benefits	Annual taxable value of benefits provided in 2013		
Annual reward	Annual performance related profit share	0% of maximum award	49% of maximum award	Group Chief Executive Officer – £2,000,000 Group Chief Financial Officer – £1,500,000
Long term reward	PSP	0% of maximum award	25% of maximum award	Group Chief Executive Officer – £450,000 Group Chief Financial Officer – £250,000
Other assumptions	– A constant share price has been used. – Excludes additional shares representing the value of dividends declared during the vesting period which may attach to the deferred element of any annual performance related profit share award or PSP award at vesting. – Assumes that no awards are made under tax advantaged all-employee share plans.			

Remuneration policy for Non-Executive Directors

Approach to fees	Operation	Other items
Fees for the Chairman and other Non-Executive Directors are set at an appropriate level taking into consideration individual roles and responsibilities, the time commitment required and external market practice. Fees are reviewed annually. Basic fees for membership of the Board are subject to the maximum payable to Non-Executive Directors (excluding the Non-Executive Chairman) as stated in the Company's Articles of Association.	Fees payable to the Non-Executive Directors are determined by the Non-Executive Chairman and the Executive Directors. Fees payable to the Chairman are determined by the Remuneration Committee (excluding the Non-Executive Chairman). The Non-Executive Director fee policy is to pay: – A basic fee for membership of the Board; and – Committee chairmanship and Senior Independent Director fees to reflect the additional responsibilities and time commitment of the roles. The Chairman receives an all-inclusive fee for the role. Additional fees for membership of a Committee or chairmanship or membership of subsidiary boards or other fixed fees may be introduced if considered appropriate.	Non-Executive Directors are not entitled to participate in any of the Group's incentive arrangements or share schemes. Non-Executive Directors do not currently receive any taxable benefits (however they are covered by Directors' and Officers' liability insurance). Expenses incurred in the performance of Non-Executive duties for the Company may be reimbursed or paid for directly by the Company, including any tax due on the benefits. Additional benefits may be provided in the future if the Board considered this appropriate.

Approach to remuneration on recruitment

In the event that the Board appointed a new Executive Director, in determining his or her new remuneration package the Committee would take into consideration all relevant factors including the calibre, skills and experience of the individual and the market from which they are recruited. In determining the remuneration package the Committee remains mindful of the need to avoid paying more than is necessary on recruitment.

'Buy outs'

To facilitate the recruitment of a new Executive Director, the Committee may make awards to 'buy out' remuneration forfeited on leaving the previous employer. In doing so the Committee would take into account all relevant factors including the form of awards, the vesting conditions attached to the awards and any performance conditions. The overriding principle will be that any replacement 'buy out' awards will be of up to a comparable commercial value of the awards that have been forfeited. The Committee may make use of LR9.4.2 of the Listing Rules for the purpose of buy outs only.

Fixed remuneration

The remuneration policy for current Executive Directors reflects the Group's overall philosophy of paying below market median salaries and a greater emphasis on performance related elements. However the Committee is mindful of the need to retain flexibility for the purpose of recruitment, taking into account the range of potential circumstances which might give rise to the need to recruit a new Executive Director. Against that background the policy for the fixed element of reward for a new Executive Director allows:

- the salary for a new appointment to be set in line with market levels rather than below market levels; or
- provision of a salary supplement for a period of time as an Executive Director transitions to a lower fixed pay over time.

Where an Executive Director is located in a different international jurisdiction benefits may reflect market practice in that jurisdiction.

New recruits would normally participate in defined contribution arrangements or take a non-pensionable salary supplement. The level of contribution would be determined at the time of appointment and may be set at a higher level than the current policy. This might arise, for example, where a newly appointed Executive Director is recruited on a significantly lower salary than in their previous position taking into account the structure of remuneration at Savills. For international appointments, the Committee may determine that alternative pension provisions will operate, and when determining arrangements the Committee will give regard to the cost of the arrangements, market practice in the relevant international jurisdiction and the pension arrangements received elsewhere in the Group.

Variable remuneration

The variable remuneration (annual performance related profit share and PSP awards) for a new recruit would be consistent with the policy in the table on page 59 (excluding buy outs).

In the case of an employee who is promoted to the position of Executive Director (including if an Executive Director is appointed following an acquisition or merger), it is the Company's policy to honour pre-existing awards and contractual commitments.

Non-Executive Directors

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will normally be in line with those detailed in the relevant table above.

Interim appointments

In the event that an interim appointment is made to fill an Executive Director role on a short term basis or a Non-Executive Director taking on an executive function on a short term basis then an additional fee or salary supplement may be provided.

Director service contracts and termination policy

When determining the leaving arrangements for an Executive Director, the Committee takes into account any pre-established agreements including the provision of any incentives plans, typical market practice, the performance and conduct of the individual and the commercial justification for any payments.

The following summarises our policy in relation to Executive Director service contracts and payments in the event of a loss of office:

Notice periods	12 months' notice by either the Company or the Executive Director. For new appointments the Committee reserves the right to increase the period of notice required from the Company in the first year of employment to up to 24 months, decreasing on a monthly basis to 12 months on the first anniversary of employment.
Contract dates	– Jeremy Helsby – 1 May 1999 – Simon Shaw – 16 March 2009
Expiry dates	Contracts are rolling service contracts with no expiry date.
Elements of remuneration	Executive Directors' service contracts contain provisions relating to base salary, pension, private medical insurance, car allowance (or the provision of a Company car) and confirm their eligibility to participate (although not necessarily receive any award) in the Company's annual performance related profit share arrangements, the PSP and other employee share schemes.
Termination payments and treatment of the annual performance related profit share	If an Executive Director's employment is to be terminated, the Committee's policy in respect of the contract of employment, in the absence of a breach of the Service Agreement by the Director, is to agree a termination payment based on the value of base salary and contractual benefits and pension entitlements in their notice period and, provided they are classified as 'good leavers' as defined in their Service Agreements (which expression does not include dismissal due to poor performance) a pro-rata annual performance related profit share. The policy is that, as is considered appropriate at the time, the departing Executive Director may work, or be placed on garden leave, for all or part of his/her notice period, or receive a payment in lieu of notice in accordance with the Service Agreement. The Committee will consider mitigation to reduce the termination payment to a leaving Director when appropriate to do so, having regard to the circumstances. No performance related profit share element would be paid in respect of notice periods not worked. In addition, where the Director may be entitled to pursue a claim against the Company in respect of his/her statutory employment rights or any other claim arising from the employment or its termination, the Company will be entitled to negotiate settlement terms (financial or otherwise) with the Director that the Committee considers to be reasonable in all the circumstances and in the best interests of the Company and to enter into a Settlement Agreement with the Director to effect both the terms agreed under the Service Agreement and any additional statutory or other claims, and to record any agreement in relation to any annual performance related profit share award, in line with the policies described above and/or, as below, share awards.
Treatment of share incentives	**Deferred share awards** Deferred share awards made under the annual performance related profit share scheme are subject to forfeiture if the award holder leaves service prior to the vesting date other than in defined 'good leaver' situations. Good leaver circumstances are death, ill-health, injury or disability, redundancy, retirement, the employing Company being sold or transferred outside of the Group, or any other reason at the discretion of the Committee. For good leavers, any outstanding deferred share award will normally vest on the date of cessation. Where a good leaver circumstance is at the Committee's discretion rather than a prescribed circumstance, vesting may be on such date and such terms as it may determine. **PSP** In the event that a participant is a 'good leaver' any outstanding unvested PSP awards will normally be pro-rated for time in service during the relevant performance period and will vest based on performance to the end of the performance period. In particular circumstances (eg death), the Committee has the power to vary these provisions, including to allow for early vesting. For all other leavers, outstanding unvested awards lapse. Good leaver circumstances are leaving due to death, injury, ill-health, disability, redundancy, or any other reason at the discretion of the Committee (for example, retirement). If an award has been granted as an option and a participant ceases to work for the Group after the option has become exercisable, he/she will normally be permitted to exercise outstanding options within a period of six months following the end of the performance period or cessation of employment where this is after the end of the performance period (as appropriate). In the event of the death of a participant the personal representatives will be able to exercise an option in accordance with the PSP rules. **All-employee share plans** Awards vest in accordance with their terms, under which 'good leavers' are entitled to receive shares on or shortly after cessation, but other leavers normally forfeit any awards.
Other awards	Where an award is made for the purpose of recruitment (for example a buy out award under LR 9.4.2) then the leaver provisions would be determined at the time of award having regard to the circumstances of the recruitment, the terms of awards being bought out and the principles for leavers in the current policy.
Other information	Executive Directors are subject to post employment restrictive covenants for a period of six months post cessation. The Company may also meet ancillary costs, such as outplacement consultancy and/or reasonable legal costs, if the Company terminates an Executive Director's service contract.

Non-Executive Directors
Non-Executive Directors and the Chairman have letters of appointment setting out their duties and the time commitment expected. Non-Executive Directors are initially appointed for a period of three years. These appointments may be renewed for subsequent terms. In line with the UK Corporate Governance Code (the 'Code'), all Directors are subject to annual re-election at the AGM. The Chairman's letter of engagement allows for six months' notice. Appointments of other Non-Executive Directors may be terminated by either party with three months' notice. The Company reserves the right to make a cash payment in lieu of notice.

The following table sets out the date each Non-Executive Director was appointed to the Board and the end date of the current letter of appointment.

Non-Executive	Date appointed to Board	End date of current letter of appointment
Peter Smith	24 May 2004	24 May 2016
Martin Angle	2 January 2007	2 January 2016
Tim Freshwater	1 January 2012	1 January 2015
Clare Hollingsworth	2 April 2012	2 April 2015
Charles McVeigh	1 August 2000	1 August 2014

Consideration of conditions elsewhere in the Group
In making remuneration decisions, the Committee considers the pay and employment conditions elsewhere in the Group. As part of decisions being made on the annual pay review, the Committee is informed about the approach to salary increase and the outcome of profit share (and other incentive arrangements such as fee earner commission schemes) across the Group. The Committee is also provided with comparative metrics on total employment costs across the Group as a percentage of revenue.

The Company operates a consistent remuneration philosophy across the Group. In this context the Committee does not consider it necessary to consult with employees in the Group on the specific remuneration policy for Executive Directors.

Consideration of shareholder views
The Committee takes into account the views of the Group's shareholders and investor bodies. The Board and the Committee (through its Chairman) has open and regular dialogue with our major shareholders on remuneration matters, including consulting with major shareholders where the Committee is considering making material changes to the remuneration policy.

Annual Report on Remuneration

Total remuneration for 2013

In accordance with the policy, set out on pages 57 to 64 below are details of Executive Director remuneration in 2013.

Executive Directors' 'single figure' for the financial year ended 31 December 2013 and as a comparison for the financial year ended 31 December 2012 (audited).

	Jeremy Helsby		Simon Shaw	
	2013 £	2012 £	**2013 £**	2012 £
Salary	**225,000**	225,000	**175,000**	175,000
Benefits(1)	**10,782**	11,216	**11,216**	11,216
Pension: contribution(4)	**45,000**	45,000	**31,500**	31,500
Pension: defined benefit deferred pension(4)	**18,428**	0	**–**	–
Annual profit share – cash(2)	**1,199,422**	997,407	**916,589**	758,464
Annual profit share – deferred shares	**462,115**	301,280	**346,409**	217,448
Near term remuneration	**1,960,747**	1,579,903	**1,480,714**	1,193,628
Notional gain on long term share based awards (not realised to date)				
PSP-performance element (notional)(3)	**450,000**	–	**250,000**	–
PSP/ESOS-share appreciation element (notional)(3)	**162,462**	206,524	**132,789**	111,205
Long term share based reward (non cash) (notional)	**612,462**	206,524	**382,789**	111,205
Total	**2,573,209**	1,786,427	**1,863,503**	1,304,833

The aggregate near term remuneration paid to the Executive Directors in the year ended 31 December 2013 was £3.4m (2012: £2.8m).

Notes:
1. Benefits comprise private medical insurance and car allowance.
2. The 2013 and 2012 figures exclude any charity/pension waiver. For 2013, J C Helsby waived £50,000 (2012: £25,313) and S J B Shaw waived £20,000 (2012: £12,488) in favour of contributions to registered charities.
3. For 2013 the notional value of the PSP award with a performance period ended 31 December 2013 (ie where the award will vest in May 2014) has been valued in accordance with the Regulations based on the number of shares that will vest and the three month average share for the period to 31 December 2013 (631.3 pence per share). For 2012 the value shown is the notional gain on share options that vested for the performance period ending on 31 December 2012 (ie awards that became exercisable in April 2013 as at the date of vesting). These options have not been exercised to date.
4. The cost reflects the cost of the annual uplift in the defined benefit pension, which uplift applies to all deferred pensions under the defined benefit pension plan.

The information in this table has been audited by the independent Auditors, PricewaterhouseCoopers LLP.

Performance related remuneration for 2013

Profit share

Reflecting the Group's very strong performance in 2013, profit share awards of 86% of maximum potential were earned by the Executive Directors (compared to approximately 65% in respect of 2012), of which 27% will be delivered in the form of Savills shares, deferred for a further three years.

The following near term performance measures applied to the 2013 performance related profit share arrangements.

70% of the award was based on profit performance, defined as underlying PBT performance. The target range, and Savills performance were as follows:

First hurdle (20% of element)	Maximum target (100% of element)	Savills performance	Bonus award (% of element)
£54m	£80m	£75.2m	86.3%

There are pre-defined hurdles between the first hurdle and maximum rather than straightline vesting.

The remaining 30% of performance profit share awards was based on individual performance against key strategic and operational objectives.

Jeremy Helsby's personal objectives included ensuring the successful integration of the Group's two UK businesses effective 1 January 2013, delivering the targeted improvement in the Group's overall margin, progressing the expansion of the Group's geographic footprint and broadening and strengthening the Group's service line offerings in all markets.

Simon Shaw's personal objectives included ensuring that the Group maintained a strong control environment, managing and developing the Group's investor programmes and the successful delivery of the Group's programme of system enhancements, including the implementation of the new CRM system.

Long term incentives

The PSP award granted in 2011 will vest in May 2014, subject to performance in the three years to 31 December 2013. Following an assessment of Savills performance against targets set at grant, the Committee determined that 100% of the award should vest. The targets and Savills performance were as follows:

	Weighting	Threshold target (25% vesting)	Maximum target 100% vesting	Savills performance	Vesting (% of maximum)
Relative TSR versus FTSE Mid 250 index (excluding investment trusts)	50%	Equal to index	Outperform index by 8% p.a. compound	Exceeded target	100%
EPS growth	50%	RPI plus 3% p.a. compound	RPI plus 8% p.a. compound	Exceeded target	100%
Total					100%

Non-Executive Directors fees (audited)

The Non-Executive Director fees for 2013 were as follows:

	Peter Smith (Chairman)	Martin Angle	Tim Freshwater	Clare Hollingsworth	Charles McVeigh
Basic Fee	£150,000	£45,000	£45,000	£45,000	£45,000
Additional fees					
Senior Independent Director		£5,000			
Remuneration Committee Chairman				£7,500	
Audit Committee Chairman		£10,000			
2013 Total	£150,000	£60,000	£45,000	£52,500	£45,000
2012 Total	£150,000	£58,225	£45,000	£39,375	£46,875

The fees payable to the Non-Executive Directors are determined by the Non-Executive Chairman and the Executive Directors after considering external market research and individual roles and responsibilities. The fees for the Non-Executive Chairman are determined by the Remuneration Committee (excluding the Non-Executive Chairman).

There were no increases to the Non-Executive Director fee levels in the year, but the annual base fee will be increased to £50,000 p.a. effective 1 July 2014. Fees for acting as a Chairman of a Committee or as the Senior Independent Director, remain unchanged.

The Chairman's fee will be increased to £165,000 p.a. effective 1 July 2014.

The Non-Executive Directors do not participate in incentive arrangements or share schemes.

The information in this table has been audited by the independent Auditor, PricewaterhouseCoopers LLP.

Operation of policy in 2014

The base salaries of the Executive Directors will not be increased in 2014.

For the profit share, the target weighting will be 70% in relation to the Group's annual profit performance and 30% in relation to delivery against a mix of strategic and operational objectives. The Committee will keep the weighting of reward for delivery of corporate and strategic/operational objectives under review for future years.

The Committee considers prospective disclosure of performance pay targets to be commercially sensitive and disclosure will therefore be on a retrospective basis.

The established policy in relation to PSP awards will continue to be applied, with the Group Chief Executive eligible to receive an award of up to £450k and the Group Chief Financial Officer of up to £250k. During 2013, in light of some shareholder feedback, the Committee reviewed targets for the EPS element of the PSP awards and taking into account market conditions determined that the maximum EPS performance target for 2014 awards should be increased. The EPS targets for 2014 awards are as follows:

- 25% (ie threshold) of the element to vest if the Company's EPS growth is RPI plus 3% p.a. compound
- 100% (ie the maximum) of the element to vest if the Company's EPS growth is RPI plus 10% p.a. compound or more (historically 8% p.a. compound). Straight-line vesting between the two points.

The other 50% of the award will be subject to relative TSR performance versus the FTSE Mid 250 index (excluding investment trusts). 25% of the element will vest for equalling the index, with 100% vesting for outperforming the index by 8% p.a. compound or more. Straight-line vesting will apply between these points.

Relative spend on pay

To provide context and outline how remuneration for Executive Directors compares with other disbursements, such as dividends and general employment costs. The table below illustrates general employment costs, Executive Director reward, tax charges and dividend payments to shareholders in 2013 and 2012

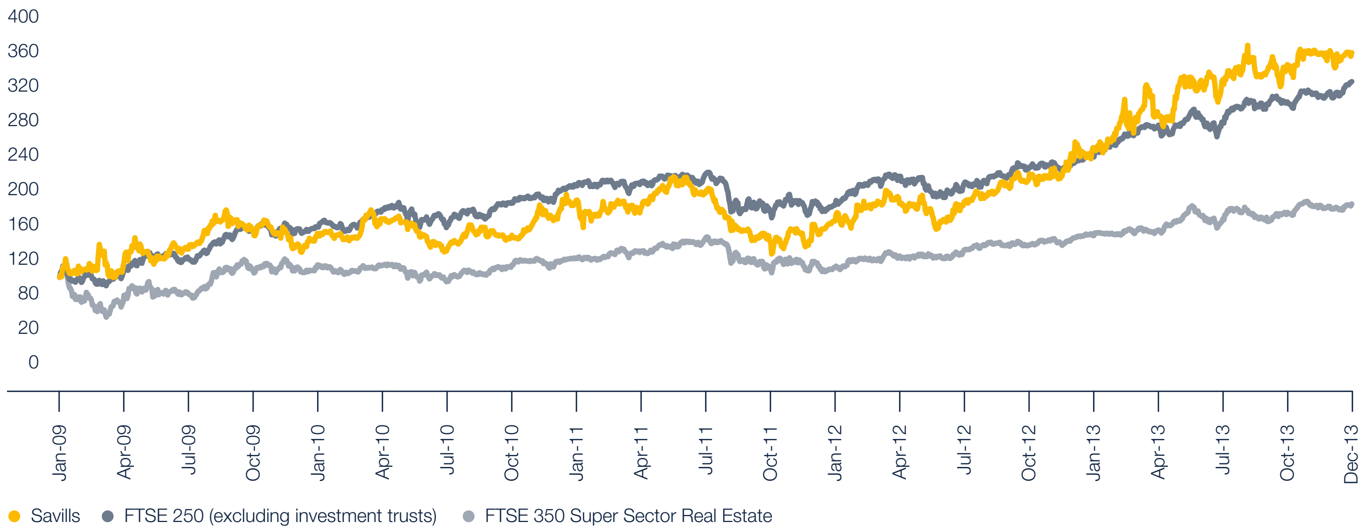
	2013 £m	2012 £m	% increase
Employment costs	567.0	511.1	11%
Underlying profit before tax	75.2	58.6	28%
Dividend payment to shareholders	24.5	20.2	21%
Executive Director remuneration	3.4	2.8	21%
Tax	72.2	62.0	16%

- Employment costs (excluding arrangements for Executive Directors) comprise basic salaries, profit share and commissions, social security costs, other pension costs and share-based payments.
- Tax charge comprises corporation tax, social security and business rates and equivalent payments.
- The dividend cost stated for 2013 comprises the cost of the final dividend recommended by the Board (amounting to £9m), payment of which is subject to shareholder approval at the Company's AGM scheduled to be held on 12 May 2014, and the cost of the supplemental dividend (£11m) declared by the Board on 19 March 2014 (payable to shareholders on the Register of Members as at 22 April 2014) and the interim dividend (£4.5m) paid on 14 October 2013 and is based on the number of shares in issue as at 31 December 2013.
- Executive Director remuneration comprises the remuneration paid to the Group Chief Executive and Group Chief Financial Officer role holders.

Total shareholder return and CEO remuneration

The total shareholder return delivered by the Company over the last five years is shown in the chart below. Over this period the Company has delivered total shareholder return of 27% per annum (FTSE 250 (excluding investment trusts): 25% per annum; FTSE 350 Super Sector Real Estate: 12% per annum). Savills was ranked 80th by TSR performance in the FTSE 250 (excluding investment trusts) and ranked fourth by performance in the FTSE 350 Super Sector Real Estate over the five years to 31 December 2013.

Total Shareholder Return (rebased)
Five years to 31 December 2013



The Board believes that the FTSE 250 (excluding investment trusts) remains the most appropriate index against which to compare TSR over the medium term as it is an index of companies of similar size to Savills. Savills TSR relative to that of the FTSE 350 Super Sector Real Estate Index is also shown, as this index better reflects conditions in real estate markets over recent years.

Pay for performance

Year	Total Single Figure Remuneration £'000	Underlying Profit Before Tax £m	Underlying Profit Before Tax % change	Annual Variable element: Performance Profit Share – award against maximum potential %	Long Term Incentive fully vested (maximum potential of award) 100%
2013	2,573	75.2	+28.3	86	100
2012	1,786	58.6	+16.3	65	100
2011	1,268	50.4	+6.6	49	0
2010	1,178	47.3	+87.7	45	n/a
2009	771	25.2	-24.0	27	0

As shown in the table above, the CEO's total remuneration increased 44% year on year. Total remuneration in 2012 and 2013 includes, as required, the notional value of PSP awards and executive share options which vested (but were not exercised) in those years. The awards granted in 2006 and 2008 lapsed in 2009 and 2011 respectively. The CEO's base salary was unchanged in 2013 (as it was in 2012), which compares to an overall salary increase across UK Group employees of 7.6% for the 2013 financial year.

CEO pay increase in relation to all UK employees

	Percentage change in remuneration from 31/12/2012 to 31/12/2013		
	Percentage change in base salary %	Percentage change in benefits %	Percentage change in profit share award %
CEO	0.0%	-3.9%	28%
All UK employees	7.6%	8.4%	29.9%

Note: Salary, benefits and bonus is compared against full time equivalent UK employees. The UK workforce was chosen as a suitable comparator group as JC Helsby is based in the UK (notwithstanding his global role and responsibilities) and is in line with policy benefits which vary across the Group by reference to local market conditions and practice. Audited information.

Pensions disclosure

The Group Chief Executive receives a non-pensionable salary supplement equal to 20% of pensionable earnings to March 2015 and a minimum of 14% thereafter. For the Group Chief Financial Officer, the Company contributes 18% of pensionable earnings to his personal pension plan.

The Group Chief Executive no longer accrues a pension benefit under the Savills Pension Plan (the 'Plan'). The value of the legacy benefit is shown below.

Executive Director	Defined benefit pension accrued at 31 December 2013	Defined benefit pension accrued at 31 December 2012	Defined benefit pensions value for 2013 remuneration table	Defined benefit pensions value for 2012 remuneration table
JC Helsby	56,636	54,515	18,428	–

Notes
1. The accrued pension entitlement shown is that which would have been paid annually by the Plan, from the Plan's Normal Retirement Age of 60 based on pensionable service in the Plan.
2. Pensionable service ceased at 31 March 2010 for all members of the Plan. J C Helsby became a deferred pensioner at 30 April 2010 and benefits now increase in the period to payment in line with the revaluation rules that apply to all members of the Plan. There are no additional benefits payable on early retirement.
3. These figures do not allow for benefits and contributions in respect of the defined contribution scheme.
4. The valuation of the increase in the defined benefit pension over the year has been determined in accordance with the prescribed methodology for remuneration reporting.

Share interests

Details of shares in the Company which the Directors beneficially held or had a beneficial interest in as at 31 December 2013 are shown below:

Executive Directors	Number of shares	Performance conditions satisfied: award yet to be exercised (ESOS)	Unvested shares subject to performance conditions (PSP)	Deferred share bonus plan awards (vesting not subject to performance conditions) (DSBP)	Extent to which shareholding guideline met
JC Helsby	604,849	211,402	126,796	174,551	403%
SJB Shaw	29,014	246,902	70,442	132,903	28%

The Company operates shareholding requirements of 150,000 shares for the Group Chief Executive and 105,000 shares for the Group Chief Financial Officer. Executive Directors are expected to build holdings to these levels over time, principally through the retention of shares released to them (after settling any tax due) following the vesting of share awards.

Non-Executive Directors	At 31 December 2013
Martin Angle	–
Tim Freshwater	–
Clare Hollingsworth	–
Charles McVeigh	–
Peter Smith	20,000

As at 19 March 2014, no Director had bought or sold shares since 31 December 2013, with the exception of Simon Shaw who participates in the SIP and as such has acquired 59 shares through the SIP since 31 December 2013.

The Sharesave Scheme

No Directors hold outstanding options under the Sharesave Scheme and no options were exercised during the year.

The Performance Share Plan ('PSP')

Directors	At 31 December 2012	Awarded during year	HMRC Approved/ Unapproved	Vested during year	At 31 December 2013	Closing mid-market price of a share the day before grant	Market value at date of vesting	First vesting date
JC Helsby	97,016	–	Unapproved	–	97,016	412.3p	–	27.05.14
	118,343	–	Unapproved	–	118,343	354.9p	–	17.04.15
	8,453	–	Approved	–	8,453	354.9p	–	17.04.15
SJB Shaw	60,635	–	Unapproved	–	60,635	412.3p	–	27.05.14
	70,442	–	Unapproved	–	70,442	354.9p	–	17.04.15

The Executive Share Option Scheme (2001)

The ESOS reached the end of its 10 year agreed life span in May 2011, although options granted up to and including May 2011 continue to be exercisable in the normal fashion, and subject to the satisfaction of performance criteria attaching to them.

Number of shares

Directors	At 31 December 2012	Granted during year	HMRC Approved/ Unapproved	Exercised during year	Lapsed during year	At 31 December 2013	Market price on date of exercise	Exercise price per share	Date normally first exercisable	Expiry date
JC Helsby	135,064	–	Unapproved	135,064	–	–	600p	288.75p	17.04.12	17.04.19
	114,386	–	Unapproved	–	–	114,386	–	340.95p	19.04.13	19.04.20
SJB Shaw	10,389	–	Approved	–	–	10,389	–	288.75p	17.04.12	17.04.19
	114,286	–	Unapproved	–	–	114,286	–	288.75p	17.04.12	17.04.19
	61,592	–	Unapproved	–	–	61,592	–	340.95p	19.04.13	19.04.20

Options over 135,064 shares granted under the ESOS were exercised by Directors during the year.

The total pre-tax gain on options exercised during the year was £420,387.

The Deferred Share Bonus Plan ('DSBP')

Number of shares

Directors	At 31 December 2012	Awarded during year	Vested during year	At 31 December 2013	Closing mid-market price of a Savills plc share the day before grant	Market value at date of exercising	Normal vesting date
JC Helsby	34,538	–	34,538	–	340.2p	600p	13.04.13
	76,238	–	–	76,238	363.2p	–	30.03.14
	48,100	–	–	48,100	350.6p	–	19.04.15
	–	54,828	–	54,828	549.5p	–	26.06.16
SJB Shaw	42,621	–	42,621	–	340.2p	600p	13.04.13
	63,986	–	–	63,986	363.2p	–	30.03.14
	32,676		–	32,676	350.6p	–	19.04.15
	–	39,571	–	39,571	549.5p	–	26.06.16

The total pre-tax gain on shares which vested during the year was £462,954.

Under the DSBP 77,159 shares vested during the year; no DSBP awards lapsed. During the year, the aggregate gain on the exercise of share options and shares vested was £883,341. The mid-market closing price of the shares at 31 December 2013 was 646p and the range during the year was 457.50p to 664.50p.

Exit payments

No Executive Directors left the Company during the year ended 31 December 2013 and therefore no payments for compensation for loss of office were paid to, or receivable by, any Director.

External directorships

Savills recognises that its Executive Directors may be invited to become Non-Executive Directors of other companies. Such Non-Executive duties can broaden experience and knowledge which can benefit Savills. Subject to approval by the Board and any conditions that it might impose, the Executive Directors and GEB members are allowed to accept external Non-Executive Directorships and retain the fees received, provided that these appointments are not likely to lead to conflicts of interest. For Non-Executive Directorships which are considered to arise by virtue of an Executive Director's or GEB member's position within Savills, the fees are paid directly to Savills.

During 2013, Simon Shaw received a fee of £30,000 in relation to his continuing appointment as Non-Executive Chairman of Synairgen plc which he was permitted to keep.

Shareholder votes on remuneration matters

The table below shows the voting outcome for the 2012 Directors' Remuneration report at the AGM held on 8 May 2013.

Number of votes 'For' and discretionary	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld*'
90,405,206	91.3%	6,421,281	6.48%	99,014,779	2,188,292

* A vote withheld is not a vote in law.

Governance

This Report has been prepared on behalf of the Board by the Remuneration Committee in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Regulations) and the auditable disclosures referred to in the Auditor's Report on pages 73 to 75 as specified by the UK Listing Authority and the Regulations have been identified.

Directors' Responsibilities

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration report and the Financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company Financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. 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 Group and the Company and of the profit or loss of the Company and 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 whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial statements; and
– prepare the Financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 the Group and enable them to ensure that the Financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group 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 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 consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 42 confirm that, to the best of their knowledge:

– the Group Financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
– the Statutory Information set out on pages 51 to 53 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

In accordance with Section 418, Directors' Reports shall include a statement, in the case of each Director in office at the date the Directors' Report is approved, that:

– so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
– he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

On behalf of the Board

Jeremy Helsby
Group Chief Executive

Chris Lee
Group Legal Director & Company Secretary

19 March 2014

Independent auditors' report to the members of Savills plc

Report on the financial statements

Our opinion

In our opinion:

- The financial statements, defined below, 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 and of the Group's and Parent Company's cash flows 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 and, as regards the Group Financial statements, Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Group financial statements and Parent Company financial statements (the 'Financial statements'), which are prepared by Savills plc, comprise:

- the Consolidated and Company statements of financial position as at 31 December 2013;
- the Consolidated income statement and statement of comprehensive income for the year then ended;
- the Consolidated and Company statements of changes in equity and statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company, as applied in accordance with the provisions of the Companies Act 2006.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts (the 'Annual Report') to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £3.8m, being 5% of underlying profit before tax. We believe that underlying profit before tax is the most appropriate measure of recurring Group performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Group is structured along four business lines, being transaction advisory, consultancy, property and facilities management, and investment management services. The Group financial statements are a consolidation of reporting units that make up the four business lines, spread across four geographic regions, UK, Asia, Europe and America, and the centralised functions (see note 6 to the financial statements).

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at the reporting units by us, as the group engagement team, or component auditors within PwC UK and from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Accordingly, of the group's four geographic regions, we identified two which, in our view, required an audit of their complete financial information, due to their size. Specific audit procedures on certain balances and transactions were performed on the remaining geographic regions. This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Independent auditors' report to the members of Savills plc continued

Areas of particular audit focus

In preparing the financial statements, the directors made a number of subjective judgements, for example in respect of significant accounting estimates. This required them to make assumptions and consider future events that are inherently uncertain. We primarily focused our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on pages 47 to 50.

Area of focus	How the scope of our audit addressed the area of focus
Goodwill impairment assessment We focused on this area because the determination of whether or not an impairment charge for goodwill was necessary involved significant judgements about the future results of the business. No impairment charge was booked in the year ended 31 December 2013. Refer also to Note 15 to the financial statements.	We evaluated the directors' future cash flow forecasts, and the process by which they were drawn up, including comparing them to the latest Board approved budgets, and testing the underlying calculations. We challenged: – the directors' key assumptions for long term growth rates in the forecasts by comparing them to historical results, economic and industry forecasts; and – the discount rate by assessing the cost of capital for the company and comparable organisations. We also performed sensitivity analysis around the key drivers of the cash flow forecasts, including historic profit margins achieved, growth rates, and the benefits from cost reduction programmes. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired, we considered the likelihood of such a movement in those key assumptions arising.
Provision for litigation The Group is subject to various legal actions and proceedings in the normal course of business. The assessment of the provisions required is judgemental and could be subject to management bias. Refer also to Note 25(a) to the financial statements. Our audit procedures had to take into account both the potential exposure and the extent to which liabilities are likely to crystallise, as well as the adequacy of the insurance cover held by the Group. There is also the risk that legal exposures may arise or may exist for which appropriate provisions are not held.	We met with the Group's internal and external legal counsel to discuss significant legal cases, and assessed the appropriateness of the provisions held at the balance sheet date, taking into account the Group's insurance cover. Legal cases settled during the year were reviewed to assess the accuracy of past provisions. To test further that the list of legal cases provided by management was complete, we examined the legal expenses incurred during the year and any litigation-related matters arising after the year-end.
Risk of management override of internal controls ISAs (UK & Ireland) require that we consider this.	We assessed the overall control environment of the Group, including the arrangements for staff to 'whistle-blow' inappropriate actions, and interviewed senior management and the Group's internal audit function. We examined the significant accounting estimates and judgements relevant to the financial statements for evidence of bias by the directors that may represent a risk of material misstatement due to fraud. We also tested journal entries to determine the rationale for manual adjustments.
Risk of fraud in revenue recognition ISAs (UK & Ireland) presume there is a risk of fraud in revenue recognition. We focused on the risk that revenue may have been inaccurately recorded and/or recorded in the incorrect period for the transaction advisory and consultancy revenue streams.	As part of the evidence we obtained regarding the revenue recognised during the year, we evaluated the relevant IT systems and tested the internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements. We tested a sample of revenue transactions back to cash receipts and the related contracts, for example a property sale completion statement, or an asset or property management contract. Where revenue was recorded through journal entries, we performed testing to appropriate supporting documentation to establish whether a service had been provided or a sale had occurred in the financial year.

Going Concern
Under the Listing Rules we are required to review the directors' statement, set out on page 72, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the Group's and Parent Company's financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Parent Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

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

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

Other matters on which we are required to report by exception
Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made, and under the Listing Rules we are required to review certain elements of the report to shareholders by the Board on directors' remuneration. We have no exceptions to report arising from these responsibilities.

Corporate Governance Statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Parent Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

On page 72 of the Annual Report, as required by the Code Provision C.1.1, the directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy. On page 49, as required by C.3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the directors is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report
Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit
Our responsibilities and those of the directors
As explained more fully in the Directors' Responsibilities Statement set out on page 72, the directors are responsible for the preparation of the Group and Parent Company 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 Group and Parent Company financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

David A Snell
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

19 March 2014

Consolidated income statement
for the year ended 31 December 2013

	Notes	2013 £m	2012 (restated)* £m
Revenue	6	**904.8**	806.4
Less:			
Employee benefits expense	9(a)	**(570.4)**	(513.9)
Depreciation	16	**(7.6)**	(7.2)
Amortisation of intangible assets	15	**(3.9)**	(3.7)
Other operating expenses	7(a)	**(259.5)**	(237.6)
Other operating income	7(a)	**0.4**	0.5
(Loss)/profit on disposal of available-for-sale investments	17(b)	**(0.3)**	1.7
Operating profit		**63.5**	46.2
Finance income	11	**1.2**	1.2
Finance costs	11	**(1.8)**	(2.5)
		(0.6)	(1.3)
Share of post-tax profit from joint ventures and associates	17(a)	**7.2**	7.1
Profit before income tax		**70.1**	52.0
Income tax expense	12	**(18.7)**	(14.9)
Profit for the year		**51.4**	37.1
Attributable to:			
Owners of the Company		**50.8**	36.8
Non-controlling interests		**0.6**	0.3
		51.4	37.1
Earnings per share			
Basic earnings per share	14(a)	**39.8p**	29.4p
Diluted earnings per share	14(a)	**38.1p**	28.2p
Underlying earnings per share			
Basic earnings per share	14(b)	**43.1p**	33.9p
Diluted earnings per share	14(b)	**41.4p**	32.4p

* Restated due to retrospective application of amendment to IAS 19: 'Employee Benefits', which is explained in Note 2. This restatement also impacts the consolidated statement of comprehensive income and the consolidated statement of changes in equity for 2012, as well as the Company statement of changes in equity for that year.

Consolidated statement of comprehensive income

for the year ended 31 December 2013

	Notes	2013 £m	2012 (restated) £m
Profit for the year		**51.4**	37.1
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme obligation	10	**7.0**	2.1
Tax on items that will not be reclassified	12	**(1.7)**	(0.5)
Total items that will not be reclassified to profit or loss		**5.3**	1.6
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments	17(b)	**1.8**	0.2
Fair value loss on available-for-sale investments released to income statement	17(b)	**–**	0.9
Currency translation differences		**(5.2)**	(3.6)
Tax on items that may be reclassified	12	**3.0**	1.4
Total items that may be reclassified subsequently to profit or loss		**(0.4)**	(1.1)
Other comprehensive income for the year, net of tax		**4.9**	0.5
Total comprehensive income for the year		**56.3**	37.6
Total comprehensive income attributable to:			
Owners of the Company		**55.9**	37.2
Non-controlling interests		**0.4**	0.4
		56.3	37.6

Consolidated and Company statements of financial position

at 31 December 2013

	Notes	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Assets: Non-current assets					
Property, plant and equipment	16	**33.4**	18.5	**2.6**	2.3
Goodwill	15	**135.6**	136.7	**–**	–
Intangible assets	15	**15.5**	17.1	**0.9**	1.8
Investments in subsidiaries	17(c)	**–**	–	**79.5**	103.9
Investments in joint ventures and associates	17(a)	**16.7**	14.7	**–**	–
Deferred income tax assets	18	**26.8**	29.9	**3.2**	2.5
Available-for-sale investments	17(b)	**14.8**	15.0	**–**	–
Non-current receivables		**1.4**	1.3	**–**	–
		244.2	233.2	**86.2**	110.5
Assets: Current assets					
Work in progress		**3.3**	3.0	**–**	–
Trade and other receivables	19	**240.5**	220.8	**16.0**	15.2
Current income tax receivable		**1.0**	0.9	**3.0**	1.4
Derivative financial instruments	24	**0.1**	–	**–**	–
Cash and cash equivalents	20	**122.2**	92.8	**70.9**	21.2
		367.1	317.5	**89.9**	37.8
Liabilities: Current liabilities					
Borrowings	23	**6.8**	1.2	**–**	–
Derivative financial instruments	24	**–**	0.1	**–**	–
Trade and other payables	21	**266.3**	236.8	**19.1**	16.3
Current income tax liabilities		**9.2**	10.1	**–**	–
Employee benefit obligations	25(b)	**6.3**	5.9	**–**	–
Provisions for other liabilities and charges	25(a)	**10.9**	7.9	**–**	0.1
		299.5	262.0	**19.1**	16.4
Net current assets		**67.6**	55.5	**70.8**	21.4
Total assets less current liabilities		**311.8**	288.7	**157.0**	131.9
Liabilities: Non-current liabilities					
Borrowings	23	**3.0**	–	**–**	–
Trade and other payables	22	**0.2**	0.6	**7.0**	6.1
Retirement and employee benefit obligations	10 & 25(b)	**20.6**	35.6	**0.7**	1.5
Provisions for other liabilities and charges	25(a)	**15.7**	17.7	**1.2**	1.2
Deferred income tax liabilities	18	**1.5**	1.7	**–**	–
		41.0	55.6	**8.9**	8.8
Net assets		**270.8**	233.1	**148.1**	123.1
Equity: Capital and reserves attributable to owners of the Company					
Share capital	26	**3.4**	3.3	**3.4**	3.3
Share premium		**90.1**	87.3	**90.1**	87.3
Other reserves	28	**17.1**	20.8	**3.3**	3.3
Retained earnings	28	**159.4**	121.1	**51.3**	29.2
		270.0	232.5	**148.1**	123.1
Non-controlling interests		**0.8**	0.6	**–**	–
Total equity		**270.8**	233.1	**148.1**	123.1

The consolidated financial statements on pages 76 to 126 to were authorised for issue by the Board of Directors on 19 March 2014 and were signed on its behalf by:

J C Helsby
S J B Shaw

Savills plc
Registered in England and Wales
No. 2122174

Consolidated statement of changes in equity
for the year ended 31 December 2013

	Notes	Share capital £m	Share premium £m	Other reserves* £m	Retained earnings** £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to owners of the Company						
Balance at 1 January 2013		**3.3**	**87.3**	**20.8**	**121.1**	**232.5**	**0.6**	**233.1**
Profit for the year		–	–	–	50.8	50.8	0.6	51.4
Other comprehensive income/(loss):								
Fair value gain on available-for-sale investments	17(b)	–	–	1.8	–	1.8	–	1.8
Remeasurement of defined benefit pension scheme obligation	10	–	–	–	7.0	7.0	–	7.0
Tax on items directly taken to reserves	12	–	–	(0.2)	1.5	1.3	–	1.3
Currency translation differences		–	–	(5.0)	–	(5.0)	(0.2)	(5.2)
Total comprehensive (loss)/income for the year		–	–	(3.4)	59.3	55.9	0.4	56.3
Transactions with owners:								
Employee share option scheme:								
– Value of services provided	28	–	–	–	10.4	10.4	–	10.4
Purchase of treasury shares	28	–	–	–	(2.2)	(2.2)	–	(2.2)
Share-based payment settlement	28	–	–	–	(7.3)	(7.3)	–	(7.3)
Issue of share capital	27(a) & (b)	0.1	2.8	–	–	2.9	–	2.9
Disposal of available-for-sale investments (net of tax)	17(b)	–	–	(0.3)	–	(0.3)	–	(0.3)
Dividends	13	–	–	–	(20.6)	(20.6)	(0.4)	(21.0)
Transactions with non-controlling interests	17(f)	–	–	–	(1.3)	(1.3)	0.2	(1.1)
Balance at 31 December 2013		**3.4**	**90.1**	**17.1**	**159.4**	**270.0**	**0.8**	**270.8**

	Notes	Share capital £m	Share premium £m	Other reserves* £m	Retained earnings** £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to owners of the Company						
Balance at 1 January 2012		3.3	85.3	23.6	93.4	205.6	(1.2)	204.4
Profit for the year (restated)		–	–	–	36.8	36.8	0.3	37.1
Other comprehensive income/(loss):								
Fair value gain on available-for-sale investments	17(b)	–	–	0.2	–	0.2	–	0.2
Fair value loss on available-for-sale investments released to income statement	17(b)	–	–	0.9	–	0.9	–	0.9
Remeasurement of defined benefit pension scheme obligation (restated)	10	–	–	–	2.1	2.1	–	2.1
Tax on items directly taken to reserves (restated)	12	–	–	(0.2)	1.1	0.9	–	0.9
Currency translation differences		–	–	(3.7)	–	(3.7)	0.1	(3.6)
Total comprehensive (loss)/income for the year		–	–	(2.8)	40.0	37.2	0.4	37.6
Transactions with owners:								
Employee share option scheme:								
– Value of services provided	28	–	–	–	10.4	10.4	–	10.4
Purchase of treasury shares	28	–	–	–	(1.6)	(1.6)	–	(1.6)
Issue of share capital	27(a) & (b)	–	2.0	–	–	2.0	–	2.0
Dividends	13	–	–	–	(16.9)	(16.9)	(0.8)	(17.7)
Transactions with non-controlling interests		–	–	–	(4.2)	(4.2)	2.2	(2.0)
Balance at 31 December 2012		3.3	87.3	20.8	121.1	232.5	0.6	233.1

* Included within other reserves on the face of the statement of financial position are the capital redemption reserve, foreign exchange reserve and revaluation reserve as disclosed in Note 28.

** Included within retained earnings on the face of the statement of financial position are treasury shares, share-based payments reserve and the profit and loss account as disclosed in Note 28.

Company statement of changes in equity

for the year ended 31 December 2013

	Notes	Attributable to owners of the Company Share capital £m	Share premium £m	Capital redemption reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total shareholders' equity £m
Balance at 1 January 2013		**3.3**	**87.3**	**0.3**	**3.0**	**3.5**	**25.7**	**123.1**
Profit for the year	7(b)	**–**	**–**	**–**	**–**	**–**	**44.6**	**44.6**
Other comprehensive income:								
Remeasurement of defined benefit pension scheme obligation	10	**–**	**–**	**–**	**–**	**–**	**0.4**	**0.4**
Tax on items directly taken to reserves	12	**–**	**–**	**–**	**–**	**–**	**0.7**	**0.7**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**45.7**	**45.7**
Employee share option scheme:								
– Value of services provided		**–**	**–**	**–**	**–**	**2.3**	**–**	**2.3**
– Exercise of share options		**–**	**–**	**–**	**–**	**(1.0)**	**(3.9)**	**(4.9)**
Share-based payment settlement		**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Issue of share capital	27(a) & (b)	**0.1**	**2.8**	**–**	**–**	**–**	**–**	**2.9**
Dividends	13	**–**	**–**	**–**	**–**	**–**	**(20.6)**	**(20.6)**
Balance at 31 December 2013		**3.4**	**90.1**	**0.3**	**3.0**	**4.8**	**46.5**	**148.1**

	Notes	Attributable to owners of the Company Share capital £m	Share premium £m	Capital redemption reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total shareholders' equity £m
Balance at 1 January 2012		3.3	85.3	0.3	3.0	1.8	50.9	144.6
Loss for the year (restated)	7(b)	–	–	–	–	–	(0.8)	(0.8)
Other comprehensive income:								
Remeasurement of defined benefit pension scheme obligation (restated)	10	–	–	–	–	–	0.1	0.1
Tax on items directly taken to reserves (restated)	12	–	–	–	–	–	0.2	0.2
Total comprehensive loss for the year		–	–	–	–	–	(0.5)	(0.5)
Employee share option scheme:								
– Value of services provided		–	–	–	–	2.1	–	2.1
– Exercise of share options		–	–	–	–	(0.4)	(7.6)	(8.0)
Issue of share capital	27(a) & (b)	–	2.0	–	–	–	–	2.0
Distribution for Employee Benefit Trust		–	–	–	–	–	(0.2)	(0.2)
Dividends	13	–	–	–	–	–	(16.9)	(16.9)
Balance at 31 December 2012		3.3	87.3	0.3	3.0	3.5	25.7	123.1

* Included within other reserves on the face of the statement of financial position are the capital redemption reserve and other reserves as disclosed above.
** Included within retained earnings on the face of the statement of financial position are share-based payments reserve and retained earnings as disclosed above.

Consolidated and Company statements of cash flows

for the year ended 31 December 2013

	Notes	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Cash flows from operating activities					
Cash generated from/(used in) operations	32	**86.0**	71.5	**40.3**	(3.8)
Interest received		**1.0**	1.0	**1.1**	1.6
Interest paid		**(0.6)**	(0.8)	**(0.1)**	–
Income tax (paid)/received		**(15.6)**	(12.0)	**1.8**	2.5
Net cash generated from operating activities		**70.8**	59.7	**43.1**	0.3
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**0.1**	0.7	**12.8**	–
Proceeds from sale of intangible assets		**–**	–	**0.7**	–
Proceeds from sale of available-for-sale investments		**1.7**	2.8	**–**	–
Deferred consideration received in relation to prior year disposals		**0.4**	0.7	**–**	–
Dividends received from joint ventures and associates		**5.3**	6.0	**–**	–
Repayment of loans by joint ventures, associates and subsidiaries		**0.3**	0.7	**27.0**	22.8
Loans to joint ventures, associates and subsidiaries		**(0.4)**	–	**(2.3)**	–
Loans from subsidiaries		**–**	–	**0.8**	–
Acquisition of subsidiaries, net of cash acquired		**1.0**	(2.5)	**–**	–
Deferred consideration paid in relation to prior year acquisitions		**(0.4)**	(3.9)	**–**	–
Purchase of property, plant and equipment	16	**(23.3)**	(7.7)	**(14.0)**	(1.7)
Purchase of intangible assets	15	**(2.5)**	(3.1)	**(0.3)**	(0.9)
Purchase of investment in joint ventures, associates and available-for-sale investments	17(a) & (b)	**(0.7)**	(1.7)	**–**	–
Net cash (used in)/generated from investing activities		**(18.5)**	(8.0)	**24.7**	20.2
Cash flows from financing activities					
Proceeds from issue of share capital	27(a) & (b)	**2.9**	2.0	**2.9**	2.0
Proceeds from borrowings		**63.5**	49.0	**–**	–
Share-based payment settlement		**(7.3)**	–	**(0.4)**	–
Purchase of own shares for Employee Benefit Trust	28	**(2.2)**	(1.6)	**–**	–
Contribution to Employee Benefit Trust		**–**	–	**–**	(0.2)
Purchase of non-controlling interests	17(f)	**(1.1)**	(11.8)	**–**	–
Deferred consideration paid to non-controlling interests in relation to prior year acquisitions		**–**	(3.3)	**–**	–
Repayments of borrowings		**(54.8)**	(52.9)	**–**	–
Dividends paid	13	**(21.0)**	(17.7)	**(20.6)**	(16.9)
Net cash used in financing activities		**(20.0)**	(36.3)	**(18.1)**	(15.1)
Net increase in cash, cash equivalents and bank overdrafts		**32.3**	15.4	**49.7**	5.4
Cash, cash equivalents and bank overdrafts at beginning of year		**92.7**	78.8	**21.2**	15.8
Effect of exchange rate fluctuations on cash held		**(2.8)**	(1.5)	**–**	–
Cash, cash equivalents and bank overdrafts at end of year	20, 23	**122.2**	92.7	**70.9**	21.2

Notes to the financial statements
Year ended 31 December 2013

1. General information
Savills plc (the ‘Company’) and its subsidiaries (together the ‘Group’) is a global real estate services Group. The Group operates through a network of offices in the UK, Continental Europe, Asia Pacific, US, Africa and the Middle East. Savills is listed on the London Stock Exchange and employs 26,287 staff worldwide.

The Company is a public limited company incorporated and domiciled in England and Wales. The address of its registered office is 33 Margaret Street, London W1G 0JD.

These consolidated financial statements were approved for issue by the Board of Directors on 19 March 2014.

2. Accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated, and are also applicable to the parent Company.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS – IC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and for management to exercise 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 financial statements, are disclosed in Note 5.

The financial statements are prepared on a going concern basis and under the historical cost convention as modified by the revaluation of available-for-sale investments and derivative financial instruments.

Use of non-GAAP measures
The Group believes that the consistent presentation of Underlying profit before tax, Underlying effective tax rate, Underlying basic earnings per share and Underlying diluted earnings per share provides additional useful information to shareholders on the underlying trends and comparable performance of the Group over time. They are used by Savills for internal performance analysis and incentive compensation arrangements for employees. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

The term ‘underlying’ refers to the relevant measure of profit, earnings or taxation being reported excluding the following items:

– amortisation of intangible assets (excluding software);
– impairment of goodwill and intangible assets;
– impairment of investment in available-for-sale investments, joint ventures or associated undertakings;
– the difference between IFRS 2 charges related to in year profit related performance compensation subject to deferral and the opportunity cash cost of such compensation (refer to Note 8 and Note 14(b) for further explanation);
– restructuring costs that are not considered part of the normal course of business;
– significant acquisition costs related to business combinations; and
– profits or losses on disposals of subsidiaries, investments in available-for-sale investments, joint ventures and associated undertakings.

Consolidation
The consolidated financial statements include those of the Company and its subsidiary undertakings, together with the Group’s share of results of its associates and joint ventures.

Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group’s voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries held by the Company are held at cost, less any provision for impairment.

Non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 17(a)).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been aligned to ensure consistency with the policies adopted by the Group. Gains and losses on dilution of the Group's share of equity in associates are recognised in the income statement.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, which exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers. The Group's joint ventures are accounted for using the equity method.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Board.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

As the Group is strongly affected by both differences in the types of services it provides and the geographical areas in which it operates, the matrix approach of disclosing both the business and geographical segments formats is used.

Revenues and expenses are allocated to segments on the basis that they are directly attributable or the relevant portion can be allocated on a reasonable basis.

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 also the 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, except when deferred in other comprehensive income as qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss and are recognised in the income statement, except for available-for-sale equity investments, which are recognised in other comprehensive income. Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction.

– Group entities
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are taken directly to the foreign exchange reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange reserve is transferred to the income statement.

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Provision for depreciation is made at rates calculated on a straight-line basis to write off the assets over their estimated useful lives as follows:

Freehold property	50 years
Short leasehold property (less than 50 years)	Over unexpired term of lease
Equipment and motor vehicles	3 – 6 years

Residual values and useful lives are reviewed and adjusted if appropriate, at each reporting 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.

Goodwill
Goodwill represents the excess of the cost of acquisition of a subsidiary or associate over the Group's share of the fair value of identifiable net assets acquired.

In respect of associates, goodwill is included in the carrying value of the investment.

Goodwill is carried at cost less accumulated impairment losses. Separately recognised goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate potential impairment. An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in the geographical region in which it operates (Note 15).

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets other than goodwill
Intangible assets acquired as part of business combinations and incremental contract costs are valued at fair value on acquisition and amortised over the useful life. Fair value on acquisition is determined by third-party valuation where the acquisition is significant.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Measurement subsequent to initial recognition is at cost less accumulated amortisation and impairment.

Amortisation charges are spread on a straight-line basis over the period of the assets' estimated useful lives as follows:

Customer/business relationships	6 – 10 years
Brands	5 years
Investment and property management contracts	2 – 10 years
Computer software	3 – 5 years

Acquired investment management contracts relating to open-ended funds have been attributed indefinite useful lives.

Impairment of other non-financial assets
Assets that have indefinite useful lives are not subject to amortisation or depreciation and are tested annually for impairment or whenever an indicator of impairment exists. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever an indicator of impairment exists. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost to sell and its value-in-use. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Value-in-use is determined using the discounted cash flow method, with an appropriate discount rate to reflect market rates and specific risks associated with the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Financial instruments
Financial assets and liabilities are recognised on the Group's statement of financial position at fair value when the Group becomes party to the contractual provisions of the instrument. Subsequent measurement depends on the classification and is discussed in the following paragraphs.

Available-for-sale investments
Available-for-sale investments are stated at fair value, with changes in fair value being recognised in other comprehensive income. When such investments are disposed or become impaired, the accumulated gains and losses, previously recognised in other comprehensive income, are recognised in the income statement.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Receivables are discounted where the time value of money is material.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other operating expenses'. When a trade receivable is uncollected, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the income statement.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held on call with banks, together with other short-term highly liquid investments with original maturities of three months or less and working capital overdrafts, which are subject to an insignificant risk of changes in value. Bank overdrafts are included under borrowings in the statement of financial position.

Bank borrowings
Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method.

Trade payables
Trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Derivative financial instruments and hedging
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged.

Certain derivatives do not qualify for hedge accounting. In these cases, changes in the fair value of all derivative instruments are recognised immediately in the income statement.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares which are not cancelled, or shares purchased for the Employee Benefit Trust, are classified as treasury shares and presented as a deduction from total equity.

Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Pension obligations

The Group operates both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an 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 compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan 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.

The defined benefit scheme charge consists of net interest costs, past service costs and the impact of any settlements or curtailments and is charged as an expense as they fall due.

All actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise.

The Group also operates a defined contribution Group Personal Pension Plan for new entrants and a number of defined contribution individual pension plans. Contributions in respect of defined contribution pension schemes are charged to the income statement when they are payable. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The net defined benefit cost is allocated amongst participating Group subsidiaries on the basis of pensionable salaries.

Share-based payments

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

All equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The fair value of equity-settled share-based payments is measured by the use of the Actuarial Binomial option pricing model. At each reporting date, the Group 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 over the remaining vesting period. The cash proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Employee Benefit Trust

The Company has established the Savills plc 1992 Employee Benefit Trust (the 'EBT'), the purposes of which are to grant awards to employees, to acquire shares in the Company pursuant to the Savills Deferred Share Bonus Plan and the Savills Deferred Share Plan and to hold shares in the Company for subsequent transfer to employees on the vesting of the awards granted under the schemes. The assets and liabilities of the EBT are included in the Group statement of financial position. Investments in the Group's own shares are shown as a deduction from equity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

– Professional indemnity claims
Provisions on professional indemnity claims are recognised when it is probable that the Group will be required to settle claims against it as a result of a past event and the amount of the obligation can be reliably estimated.

– Dilapidation provisions
The Group is required to perform dilapidation repairs and restore properties to agreed specifications on leased properties prior to the properties being vacated at the end of their lease term. Provision for such cost is made where a legal obligation is identified and the liability can be reasonably quantified.

– Onerous leases
A provision is recognised where the costs of meeting the obligations under a lease contract exceed the economic benefits expected to be received and is measured as the net least cost of exiting the contract, being the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it.

– Restructuring provision
A provision is recognised when there is a present constructive obligation to meet the costs of restructure. This arises when there is a detailed formal plan for the restructuring, identifying at least the business or part of the business concerned, principal locations affected and the location, function and approximate number of employees to be compensated for terminating their services and when the plan has been communicated to those affected by it, raising an expectation that the plan will be carried out.

Revenue
Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and amounts due to third parties and after elimination of revenue within the Group.

– Residential transactional fees
Generally, where contracts are unconditional, revenue is recognised on exchange of contracts. However, on more complex contracts, revenue will be recognised on the date of completion. On multi-unit developments, revenue is recognised on a staged basis, based on each contract, commencing when the underlying contracts are exchanged.

– Commercial transactional fees
Generally, revenue is recognised on the date of completion or when unconditional contracts have been exchanged.

– Property consultancy
Revenue in respect of property consultancy represents commissions and fees recognised on a time basis, fixed fee or percentage of completion. Percentage of completion is principally measured by the proportion of actual costs incurred in relation to the best estimate of total costs expected for completion of the contract.

– Property and facilities management
Revenue represents fees earned for managing properties and providing facilities and is generally recognised in the period the services are provided using a straight-line basis over the term of the contract.

– Investment management
Revenue represents commissions and fees receivable, net of marketing costs in accordance with the relevant fee agreements. Annual management fees are recognised, gross of costs, in the period to which the service has been provided, in accordance with the contracted fee agreements. Transaction fees are recognised on the date of completion of a purchase or sale transaction. Distribution fees are recognised on the completion of a signed subscription agreement and performance fees are recognised as earned and when approved by the fund.

– Work in progress
Work in progress generally relates to consultancy revenue and is stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads.

– 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.

– Other income
Other income includes interest and dividend income on available-for-sale investments plus fair value gains and losses on assets at fair value through profit or loss.

Leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. The assets are then depreciated over the lower of the lease terms or the estimated useful lives of the assets.

The capital elements of future obligations under finance leases are included as liabilities in the statement of financial position. Leasing payments comprise capital and finance elements and the finance element is charged to the income statement.

The annual payments under all other lease agreements (operating leases) are charged to the income statement on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into the operating lease are also spread on a straight-line basis over the lease term.

A lease is classified as onerous where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Dividends
Dividend distributions are recognised as a liability in the Group's financial statements in the period in which they are approved by the Company's shareholders.

Interim dividends are recognised when paid.

Adoption of standards, amendments and interpretations to standards

The following standards and amendments to published standards have been adopted by the Group for the first time for the financial year beginning 1 January 2013 and do not have a material impact on the Group:

- IAS 1 (amendment), 'Financial statement presentation', regarding other comprehensive income. These amendments require entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The adoption of this amendment does not impact the Group's profit or net assets.
- IAS 19 (amendment), 'Employee benefits', amends the accounting for employee benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. These amendments change a number of disclosure requirements for post-employment arrangements and restrict the options previously available on how to account for defined benefit pension plans. The most significant change that has impacted the Group is the amendment that requires the expected returns on pension plan assets, previously calculated based on management's estimate of expected returns, to be replaced by a credit on the pension plan assets calculated at the liability discount rate. The impact to the Group of the adoption of the revised IAS 19 results in an additional pre-tax charge to the income statement for the year ended 31 December 2012 of £2.2m (post-tax charge of £1.7m) and additional post-tax income recognised in other comprehensive income of £1.7m. The change does not impact the Group's net assets. The 2012 figures have been restated.
- IFRS 7 (amendment), 'Financial instruments: Disclosures', regarding asset and liability offsetting. The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The adoption of this amendment does not impact the Group's profit or net assets.
- IFRS 13, 'Fair value measurement', the standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied. The adoption of this amendment does not impact the Group's profit or net assets.
- IAS 1 (amendment), 'Financial statement presentation', distinguishes between minimum required comparative information and voluntary additional comparative information. The adoption of this amendment does not impact the Group's profit or net assets.

Other standards, amendments and interpretations mandatorily effective for the first time for the financial year beginning 1 January 2013 and not discussed above are not relevant to the Group.

The following standards and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2014, and have not been early adopted:

- IFRS 10, 'Consolidated financial statements' including amendments, effective for accounting periods beginning on or after 1 January 2014. The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It defines the principle of control and establishes this as the basis for consolidation. The standard is not expected to have a material impact on the Group.
- IFRS 11, 'Joint arrangements', including amendments, effective for accounting periods beginning on or after 1 January 2014. The standard defines two types of joint arrangements: joint operations and joint ventures, based on the rights and obligations of the parties to the arrangement. Proportional consolidation of joint ventures will no longer be allowed and must be accounted for using the equity method. The standard is not expected to have a material impact on the Group.
- IFRS 12, 'Disclosures of interests in other entities', including amendments, effective for accounting periods beginning on or after 1 January 2014. The standard sets out the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IAS 27 (amendment), 'Separate financial statements', includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The amendment is effective for accounting periods beginning on or after 1 January 2014 and is not expected to have a material impact on the Group.
- IAS 28 (amendment), 'Investments in associates and joint ventures', includes requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The amendment is effective for accounting periods beginning on or after 1 January 2014 and is not expected to have a material impact on the Group.
- IAS 32 (amendment), 'Financial instruments: Presentation', regarding asset and liability offsetting, effective for accounting periods beginning on or after 1 January 2014. These amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet and are not expected to have a material impact on the Group.
- IAS 36 (amendment), 'Impairment of assets', regarding recoverable amount disclosures, effective for accounting periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- IFRS 9, 'Financial instruments', including amendments. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. The mandatory effective date has been deferred by the IASB and has been left open pending the finalisation of the impairment and classification and measurement requirements. Early adoption is permitted, however, the standard has not yet been endorsed by the EU. The Group has yet to assess IFRS 9's full impact.

Other standards, amendments and interpretations not yet effective and not discussed above are not relevant to the Group or have not yet been endorsed by the EU.

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group. Occasionally, the Group uses financial instruments to manage foreign currency and interest rate risk.

The treasury function is responsible for implementing risk management policies applied by the Group and has a policy and procedures manual that sets out specific guidelines on financial risks and the use of financial instruments to manage these.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks primarily with respect to the Euro, Hong Kong dollar and US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group may finance some overseas investments through the use of foreign currency borrowings. The Group does not actively seek to hedge risks arising from foreign currency translations due to their non-cash nature and the high costs associated with such hedging; however when there is a material committed foreign currency exposure the foreign exchange risk will be hedged.

The sensitivity analysis has been prepared for the major currencies to which the Group is exposed. The movements in these currencies over the last three years has been considered and it has been concluded that a 5 – 10% movement in rates is a reasonable benchmark.

For the year ended 31 December 2013, if the average currency conversion rates against Sterling for the year had changed with all other variables held constant, the Group post tax profit for the year would have increased or decreased as shown below:

	Movement of currency against Sterling			
£m	–10.0%	–5.0%	+5.0%	+10.0%
2013				
Estimated impact on post-tax profit				
Euro	**0.1**	**–**	**–**	**(0.1)**
Hong Kong dollar	**(0.5)**	**(0.2)**	**0.3**	**0.6**
US dollar	**0.2**	**0.1**	**(0.1)**	**(0.2)**
Estimated impact on components of equity				
Euro	**3.0**	**1.6**	**(1.7)**	**(3.6)**
Hong Kong dollar	**(11.4)**	**(6.0)**	**6.6**	**13.9**
US dollar	**(2.8)**	**(1.5)**	**1.6**	**3.4**
2012				
Estimated impact on post-tax profit				
Euro	0.8	0.4	(0.5)	(1.0)
Hong Kong dollar	(0.8)	(0.4)	0.4	0.9
US dollar	0.2	0.1	(0.1)	(0.3)
Estimated impact on components of equity				
Euro	4.0	2.1	(2.3)	(4.9)
Hong Kong dollar	(10.3)	(5.4)	6.0	12.6
US dollar	(0.5)	(0.3)	0.3	0.6

Interest rate risk

The Group has both interest-bearing assets and liabilities. The Group finances its operations through a mixture of retained profits and bank borrowings, at both fixed and floating interest rates. Borrowings issued at variable rates expose the Group cash flow to interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain at least 70% of its borrowings in fixed rate instruments.

For the year ended 31 December 2013, if the average interest rate for the year had changed with all other variables held constant, the Group's post-tax profit for the year and equity would have increased or decreased as shown below:

	Increase in interest rates			
£m	+0.5%	+1.0%	+1.5%	+2.0%
2013				
Estimated impact on post-tax profit and equity	**0.3**	**0.5**	**0.8**	**1.0**
2012				
Estimated impact on post-tax profit and equity	0.1	0.2	0.3	0.5

	Decrease in interest rates			
£m	–0.5%	–1.0%	–1.5%	–2.0%
2013				
Estimated impact on post-tax profit and equity	**(0.3)**	**(0.5)**	**(0.6)**	**(0.6)**
2012				
Estimated impact on post-tax profit and equity	(0.1)	(0.2)	(0.3)	(0.3)

The rationale behind the 2.0% sensitivity analysis is based upon historic trends in interest rate movements and the short-term expectation that any increase or decrease greater than 2.0% is unlikely to occur.

Credit risk

Credit risk arises from cash and cash equivalents, available-for-sale investments, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. The Group has policies that require appropriate credit checks on potential customers before engaging with them. A risk control framework is used to assess the credit quality of clients, taking into account financial position, past experience and other factors.

Individual risk limits for banks and financial institutions are set based on external ratings and in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

As at the reporting date, no significant credit risk existed in relation to banking counterparties. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. There were no other significant receivables or individual trade receivable balances as at 31 December 2013. Refer to Note 19 for information on the credit quality of trade receivables and the maximum exposure to credit risk arising on outstanding receivables from clients.

The table below shows Group cash balances split by counterparty ratings at the reporting date:

Counterparty rating (provided by S&P)	2013 £m	2012 £m
AA–	**37.8**	52.6
A+	**7.7**	16.4
A	**57.8**	12.2
A–	**0.7**	0.1
BBB+ or below	**18.2**	11.5
Total	**122.2**	92.8

Liquidity risk

The Group maintains appropriate committed facilities to ensure the Group has sufficient funds available for operations and expansion. The Group prepares an annual funding plan approved by the Board which sets out the Group's expected financing requirements for the next 12 months.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities (Note 23) and cash and cash equivalents (Note 20)) on the basis of expected cash flow. This is carried out at local level in the operating companies of the Group in accordance with Group practice as well as on a Group consolidated basis.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Amounts due within 12 months and non-current amounts both equal their carrying balances, as the impact of discounting is not significant.

£m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
2013			
Borrowings	**6.8**	**3.0**	**–**
Trade and other payables	**231.0**	**–**	**0.2**
	237.8	**3.0**	**0.2**

£m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
2012			
Borrowings	1.1	–	–
Finance leases	0.1	–	–
Derivative financial instruments	0.1	–	–
Trade and other payables	206.3	0.4	0.2
	207.6	0.4	0.2

Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure to reduce the cost of capital.

Savills plc is not subject to any externally imposed capital requirements, with the exception of its FCA (Financial Conduct Authority) regulated entities, which complied with all capital requirements during the year ended 31 December 2013. For more information on FCA capital adequacy requirements, please visit www.cordeasavills.com.

In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board has put in place a distribution policy which takes into account the degree of maintainability of Savills different profit streams and the Group's overall exposure to cyclical Transaction Advisory profits, as well as the requirement to maintain a certain level of cash resources for working capital and corporate development purposes. The Board will recommend an ordinary dividend broadly reflecting the profits derived from the Group's less volatile businesses. In addition, when profits from the cyclical Transaction Advisory business are strong, the Board will consider and, if appropriate, recommend the payment of a supplemental dividend alongside the final ordinary dividend. The value of any such supplemental dividend will vary depending on the performance of the Group's Transaction Advisory business and the Group's anticipated working capital and corporate development requirements through the cycle. It is intended that, in normal circumstances, the combined value of the ordinary and supplemental dividends declared in respect of any year are covered at least 1.5 times by statutory retained earnings and/or at least 2.0 times by underlying profits after taxation.

The Group's policy is to borrow centrally if required to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are then on-lent or contributed as equity to certain subsidiaries. The Board of Directors monitors a number of debt measures on a rolling forward 12-month basis including gross cash by location; gross debt by location; cash subject to restrictions; total debt servicing cost to operating profit; gross borrowings as a percentage of EBITDA (earnings before interest, tax, depreciation and amortisation); and forecast headroom against available facilities. These internal measures indicate the levels of debt that the Group has and are closely monitored to ensure compliance with banking covenants and to confirm that the Group has sufficient unused facilities.

The capital structure is as follows:

	Group		Company	
£m	2013	2012	2013	2012
Equity	**270.8**	233.1	**148.1**	123.1
Cash and cash equivalents	**122.2**	92.8	**70.9**	21.2
Bank overdrafts	**–**	(0.1)	**–**	–
Borrowings	**(9.8)**	(1.1)	**–**	–
Net cash	**112.4**	91.6	**70.9**	21.2

Categories of financial instruments

	Held for trading 2013 £m	Available-for-sale financial assets 2013 £m	Financial assets at amortised cost 2013 £m	Total carrying amount 2013 £m	Held for trading 2012 £m	Available-for-sale financial assets 2012 £m	Financial assets at amortised cost 2012 £m	Total carrying amount 2012 £m
Financial assets:								
Available-for-sale investments	**–**	**14.8**	**–**	**14.8**	–	15.0	–	15.0
Trade and other receivables	**–**	**–**	**207.7**	**207.7**	–	–	192.8	192.8
Derivative financial instruments	**0.1**	**–**	**–**	**0.1**	–	–	–	–
Cash and cash equivalents	**–**	**–**	**122.2**	**122.2**	–	–	92.8	92.8
Total financial assets	**0.1**	**14.8**	**329.9**	**344.8**	–	15.0	285.6	300.6

	Held for trading 2013 £m	Financial liabilities at amortised cost 2013 £m	Total carrying amount 2013 £m	Held for trading 2012 £m	Financial liabilities at amortised cost 2012 £m	Total carrying amount 2012 £m
Financial liabilities:						
Borrowings	**–**	**9.8**	**9.8**	–	1.2	1.2
Derivative financial instruments	**–**	**–**	**–**	0.1	–	0.1
Trade and other payables	**–**	**80.5**	**80.5**	–	83.7	83.7
Total financial liabilities	**–**	**90.3**	**90.3**	0.1	84.9	85.0

Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013:

£m	**Level 1**	**Level 2**	**Level 3**	**Total**
2013				
Assets				
Available-for-sale investments				
– Unlisted	**–**	**14.8**	**–**	**14.8**
Derivative financial instruments	**–**	**0.1**	**–**	**0.1**
Total assets	**–**	**14.9**	**–**	**14.9**
Liabilities				
Derivative financial instruments	**–**	**–**	**–**	**–**
Total liabilities	**–**	**–**	**–**	**–**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012:

£m	Level 1	Level 2	Level 3	Total
2012				
Assets				
Available-for-sale investments				
– Unlisted	–	15.0	–	15.0
Total assets	–	15.0	–	15.0
Liabilities				
Derivative financial instruments	–	0.1	–	0.1
Total liabilities	–	0.1	–	0.1

The fair value of unlisted available-for-sale investments is determined using valuation techniques using observable market data where available and rely as little as possible on entity estimates. The fair value of investment funds is based on underlying asset values determined by the Fund Manager's audited annual financial statements. The fair value of other unlisted investments is based on price earnings models. These instruments are included in Level 2.

The fair value of derivative financial instruments is determined by using valuation techniques using observable market data. The fair value of derivative financial instruments is based on the market value of similar instruments with similar maturities. These instruments are included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Level 1 instruments are those whose fair values are based on quoted market prices. The Group has no Level 1 instruments.

4(a). Offsetting financial assets

The following financial assets are subject to offsetting:

£m	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
As at 31 December 2013			
Cash and cash equivalents	**249.2**	**(127.0)**	**122.2**
Total	**249.2**	**(127.0)**	**122.2**

£m	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
As at 31 December 2012			
Cash and cash equivalents	172.0	(79.2)	92.8
Total	172.0	(79.2)	92.8

4(b). Offsetting financial liabilities

The following financial liabilities are subject to offsetting:

£m	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position
As at 31 December 2013			
Bank overdrafts	**127.0**	**(127.0)**	**–**
Total	**127.0**	**(127.0)**	**–**

£m	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position
As at 31 December 2012			
Bank overdrafts	79.3	(79.2)	0.1
Total	79.3	(79.2)	0.1

5. Critical accounting estimates and management judgements

Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience, current market conditions and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience. 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.

Pension benefits

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the Group considers the 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 the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 10.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred taxes

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised, especially with regard to the extent that future taxable profits will be available against which losses can be utilised. Additional information is disclosed in Note 18.

Fair value of options granted to employees

The Group uses the Binomial Model in determining the fair value of options granted to employees under the Group's various schemes as detailed in the Remuneration report. Information on such assumptions is contained in Note 27. The alteration of these assumptions may impact charges to the income statement over the vesting period of the award.

Estimated impairment of assets

The Group tests annually whether goodwill has suffered any impairment. All other assets are tested for impairment where there are indicators of impairment.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The use of this method requires the estimate of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. Actual outcomes could vary significantly from these estimates. The estimates used in these financial statements are contained in Note 15.

Valuation of intangible assets and useful life

The Group has made assumptions in relation to the potential future cash flows to be determined from separable intangible assets acquired as part of business combinations. This assessment involves assumptions relating to potential future revenues, appropriate discount rates and the useful life of such assets. These assumptions impact the income statement over the useful life of the intangible asset.

Provisions

The Group and its subsidiaries are party to various legal claims. Provisions made within these financial statements and further details are contained in Note 25(a). Additional claims could be made which might not be covered by existing provisions or by insurance as detailed in Note 29.

Critical judgements in applying the entity's accounting policies

The application of the Group's accounting policies may require management to make judgements, apart from those involving estimates, that can affect the amounts recognised in the consolidated financial statements. Such judgements include:

Award of options and deferred shares to employees

The Group applies judgement in deciding the proportion of the available bonus pool to be awarded to employees under its long-term share-based incentive scheme. The Group's current policy is to deduct from the bonus pool an amount equal to the market value of the share price on the date of award. Under IFRS, the value of award is spread over the vesting period and charged to the income statement.

6. Segment analysis

Operating segments reflect internal management reporting to the Group's chief operating decision maker, defined as the Group Executive Board (GEB). The operating segments are determined based on differences in the nature of their services. Geographical location also strongly affects the Group and both are therefore disclosed. The reportable operating segments derive their revenue primarily from property related services. Refer to the Group overview on page 1 and the Segmental reviews on pages 17 to 25 for further information on revenue sources.

Operations are based in four main geographical areas. The UK is the home of the parent Company with segment operations throughout the region. Asia Pacific segment operations are based in Hong Kong, Macau, China, Korea, Japan, Taiwan, Thailand, Singapore, Vietnam and Australia. Continental Europe segment operations are based in Germany, France, Spain, Netherlands, Belgium, Sweden, Italy, Ireland and Poland. America segment operations are based in New York. The sales location of the client is not materially different from the location where fees are received and where the segment assets are located.

Within the UK, both commercial and residential services are provided. Other geographical areas, although largely commercial based, also provide residential services, in particular Hong Kong, China, Vietnam, Singapore, Australia, Taiwan and Thailand.

The GEB assesses the performance of operating segments based on a measure of underlying profit before tax which adjusts reported pre-tax profit by profit on disposals, share-based payment adjustment, restructuring costs, amortisation and impairment of goodwill and intangible assets (excluding software) and impairment of available-for-sale investments, joint ventures or associated undertakings. Segmental assets and liabilities are not measured or reported to the GEB, but non-current assets are disclosed geographically on page 95.

The segment information provided to the GEB for revenue and profits for the year ended 31 December 2013 is as follows:

2013	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Other £m	Total £m
Revenue						
United Kingdom – commercial	73.4	115.6	73.2	26.0	–	288.2
– residential	118.0	33.1	23.0	–	–	174.1
Total United Kingdom	191.4	148.7	96.2	26.0	–	462.3
Continental Europe	38.0	15.6	27.7	–	–	81.3
Asia Pacific – commercial	99.3	27.3	205.1	–	–	331.7
– residential	22.7	–	–	–	–	22.7
Total Asia Pacific*	122.0	27.3	205.1	–	–	354.4
United States	6.8	–	–	–	–	6.8
Total revenue	358.2	191.6	329.0	26.0	–	904.8
Underlying profit/(loss) before tax						
United Kingdom – commercial	10.3	9.4	6.5	2.9	(10.1)	19.0
– residential	19.0	4.9	2.3	–	–	26.2
Total United Kingdom	29.3	14.3	8.8	2.9	(10.1)	45.2
Continental Europe	(3.0)	1.4	(2.3)	–	–	(3.9)
Asia Pacific – commercial	16.6	1.9	11.1	–	–	29.6
– residential	5.9	–	–	–	–	5.9
Total Asia Pacific	22.5	1.9	11.1	–	–	35.5
United States	(1.6)	–	–	–	–	(1.6)
Underlying profit/(loss) before tax**	47.2	17.6	17.6	2.9	(10.1)	75.2

The segment information provided to the GEB for revenue and profits for the year ended 31 December 2012 is as follows:

2012 (restated)	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Other £m	Total £m
Revenue						
United Kingdom – commercial	60.4	104.2	65.2	23.5	0.1	253.4
– residential	97.0	28.1	20.6	–	–	145.7
Total United Kingdom	157.4	132.3	85.8	23.5	0.1	399.1
Continental Europe	29.6	12.3	28.3	–	–	70.2
Asia Pacific – commercial	98.4	27.6	186.5	–	–	312.5
– residential	18.5	–	–	–	–	18.5
Total Asia Pacific*	116.9	27.6	186.5	–	–	331.0
United States	6.1	–	–	–	–	6.1
Total revenue	310.0	172.2	300.6	23.5	0.1	806.4
Underlying profit/(loss) before tax						
United Kingdom – commercial	6.5	8.1	5.5	3.6	(8.7)	15.0
– residential	14.2	3.5	2.4	–	–	20.1
Total United Kingdom	20.7	11.6	7.9	3.6	(8.7)	35.1
Continental Europe	(6.0)	(0.5)	(0.5)	–	–	(7.0)
Asia Pacific – commercial	14.6	2.9	10.5	–	–	28.0
– residential	4.6	–	–	–	–	4.6
Total Asia Pacific	19.2	2.9	10.5	–	–	32.6
United States	(2.1)	–	–	–	–	(2.1)
Underlying profit/(loss) before tax**	31.8	14.0	17.9	3.6	(8.7)	58.6

* Revenues of approximately £156.1m (2012: £153.8m) are attributable to the Hong Kong and Macau region.

** Transaction Advisory underlying profit before tax includes depreciation of £2.9m (2012: £2.7m), software amortisation of £0.4m (2012: £0.3m) and share of post-tax profit from associates and joint ventures of £3.9m (2012: £4.5m). Consultancy underlying profit before tax includes depreciation of £1.5m (2012: £1.3m), software amortisation of £0.3m (2012: £0.1m) and share of post-tax profit from associates and joint ventures of £0.1m (2012: £nil). Property and Facilities Management underlying profit before tax includes depreciation of £2.2m (2012: £2.3m), software amortisation of £0.4m (2012: £0.3m) and share of post-tax profit from associates and joint ventures of £3.1m (2012: £2.6m). Investment management underlying profit before tax includes depreciation of £0.1m (2012: £0.1m), software amortisation of £0.1m (2012: £nil) and share of post-tax profit from associates and joint ventures of £nil (2012: £nil). Included in Other underlying profit is depreciation of £0.9m (2012: £0.8m), software amortisation of £0.6m (2012: £0.6m) and share of post-tax profit from associates and joint ventures of £0.1m (2012: £nil).

The Other segment includes costs and other expenses at holding company and subsidiary levels, which are not directly attributable to the operating activities of the Group's business segments.

A reconciliation of underlying profit before tax to profit before tax is provided in Note 8.

Inter-segmental revenue is not material.

Non-current assets by geography are set out below:

	2013 £m	2012 £m
Non-current assets		
United Kingdom	**79.6**	63.9
Continental Europe	**43.2**	43.5
Asia Pacific	**62.9**	63.3
United States	**15.5**	16.3
Total non-current assets	**201.2**	187.0

Non-current assets include goodwill and intangible assets, plant, property and equipment and investments in joint ventures and associates. Available-for-sale investments, non-current receivables and deferred tax assets are not included.

7(a). Operating profit

Operating profit is stated after charging/(crediting):

	Group 2013 £m	Group 2012 £m
Other operating expenses include:		
– Net foreign exchange losses (excluding net gains on forward foreign exchange contracts)	**0.4**	0.2
– Net gain on forward foreign exchange contracts	**(0.1)**	(0.1)
– Provision for receivables impairment	**6.8**	3.6
– Restructuring costs*	**5.2**	4.0
– Loss on sale of property, plant and equipment	**0.4**	0.1
– Operating lease costs	**31.8**	27.3
– Impairment of available-for-sale investment (Note 17(b))	**–**	1.2
Other income – dividend and investment income	**(0.4)**	(0.5)

* Restructuring costs include onerous lease and related property costs of £3.8m (2012: £2.9m), staff costs of £1.2m (2012: £0.4m) and legal and other costs of £0.2m (2012: £0.7m).

7(b). Income Statement of the Company

As permitted by Section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the Company are not presented as part of these financial statements. The Company has produced its own income statement and statement of comprehensive income for approval by its Board. The Company receives dividends from subsidiaries and charges subsidiaries for the provision of Group-related services. The profit after income tax of the Company for the year was £44.6m (2012 (restated): £0.8m loss).

7(c). Fees payable to the Company's auditor, PricewaterhouseCoopers LLP, and its associates

	Group 2013 £m	Group 2012 £m
Audit services		
Fees payable to the Company's auditors for the audit of parent Company	**0.2**	0.1
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	**0.7**	0.8
	0.9	0.9
Other services		
Other assurance services	**0.1**	0.1
Tax advisory services	**0.1**	0.2
Tax compliance services	**0.1**	0.3
Advisory services*	**0.3**	0.1
	0.6	0.7
Total	**1.5**	1.6

* Primarily services relating to transaction advisory related matters.

8. Underlying profit before tax

	2013 £m	2012 (restated) £m
Reported profit before tax	**70.1**	52.0
Adjustments:		
Amortisation of intangible assets (excluding software) (Note 15)	**2.1**	2.4
Impairment of available-for-sale investment (Note 17(b))	**–**	1.2
Share-based payment adjustment	**(2.5)**	0.7
Restructuring costs	**5.2**	4.0
Loss/(profit) on disposal of available-for-sale investment (Note 17(b))	**0.3**	(1.7)
Underlying profit before tax	**75.2**	58.6

The Directors regard the above adjustments necessary to give a fair picture of the underlying results of the Group for the year.

The adjustment for share-based payment relates to the impact of the accounting standard for share-based compensation. The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by adding to or deducting from profit the difference between the IFRS 2 charge and the effective value of the annual share award in order better to match the underlying staff costs in the year with the revenue recognised in the same period.

Restructuring costs of £4.6m (2012: £4.0m) were recognised as a result of the merger of the two UK businesses. This included the vacant property costs incurred in advance of the occupation of the new headquarters at 33 Margaret Street. Restructuring costs of £0.6m (2012: £nil) were recognised as a result of the closure of an office in Italy.

9(a). Employee benefits expense – Staff and Directors

	Group	
	2013 £m	2012 (restated) £m
Basic salaries and wages	**328.2**	309.5
Profit share and commissions	**168.9**	137.5
Wages and salaries	**497.1**	447.0
Social security costs	**44.9**	38.6
Other pension costs	**18.0**	17.9
Share-based payments	**10.4**	10.4
	570.4	513.9

9(b). Staff numbers

The monthly average number of employees (including Directors) for the year was:

	Group	
	2013	2012
United Kingdom	**3,718**	3,503
Continental Europe	**845**	817
Asia Pacific	**21,691**	20,657
United States	**33**	39
	26,287	25,016

The average number of UK employees (including Directors) during the year included 160 employed under fixed-term and temporary contracts (2012: 128).

9(c). Key management compensation

	Group	
	2013 £m	2012 £m
Key management		
– Short-term employee benefits	**14.0**	15.7
– Post-employment benefits	**0.2**	0.5
– Share-based payments	**2.8**	2.3
	17.0	18.5

The key management of the Group for the year ended 31 December 2013 comprised Executive Directors and the GEB members. Details of Directors' remuneration is contained in the Remuneration report on pages 65 to 71.

During the year eight (2012: seven) GEB members made aggregate gains totalling £3.7m (2012: £1.2m) on the exercise of options under the DSBP, DSP, ESOP and Sharesave Schemes.

Retirement benefits under the defined benefit scheme are accruing for three (2012: three) GEB members and benefits are accruing under a defined contribution scheme in Hong Kong for two (2012: two) GEB members.

10. Pension scheme

Defined contribution plans

The Group operates the Savills UK Group Personal Pension Plan, a defined contribution scheme, a number of defined contribution individual pension plans and a Mandatory Provident Fund Scheme in Hong Kong, to which it contributes. The total pension charges in respect of these plans were £18.0m (2012: £17.9m). The amount outstanding as at 31 December 2013 in relation to defined contribution schemes is £1.1m (2012: £1.4m).

Defined benefit plan

The Pension Plan of Savills (the 'Plan') provided final salary pension benefits to some employees, but was closed with regard to future service-based benefit accrual with effect from 31 March 2010. From 1 April 2010, pension benefits for former employees of the Plan are provided through the Group's defined contribution Personal Pension Plan.

The assets of the scheme are held separately from those of the Group, and invested in managed fund units. The contributions are determined by an independent qualified actuary on the basis of triennial valuations.

A full actuarial valuation is currently being carried out as at 31 March 2013 and has been updated to 31 December 2013 by a qualified independent actuary.

The table below outlines the Group's and Company's defined benefit pension amounts:

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Liability in the statement of financial position	**12.7**	27.9	**0.7**	1.5
Income statement charge included in finance costs	**1.1**	1.6	**0.1**	–
Actuarial gains included in other comprehensive income	**7.0**	2.1	**0.4**	0.1

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

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Present value of funded obligations	**189.0**	179.6	**10.4**	9.9
Fair value of plan assets	**(176.3)**	(151.7)	**(9.7)**	(8.4)
Liability recognised in the statement of financial position	**12.7**	27.9	**0.7**	1.5

The movement in the defined benefit obligation over the year is as follows:

	Group			Company		
	Present value of obligation £m	Fair value of plan assets £m	Total £m	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2013 (restated)	**179.6**	**(151.7)**	**27.9**	**9.9**	**(8.4)**	**1.5**
Interest expense/(income)	**8.2**	**(7.1)**	**1.1**	**0.5**	**(0.4)**	**0.1**
Remeasurements:						
– Return on plan assets, excluding amounts included in interest income	**–**	**(10.1)**	**(10.1)**	**–**	**(0.5)**	**(0.5)**
– Loss from change in financial assumptions	**6.3**	**–**	**6.3**	**0.3**	**–**	**0.3**
– Loss from change in demographic assumptions	**2.4**	**–**	**2.4**	**0.1**	**–**	**0.1**
– Experience gains	**(5.6)**	**–**	**(5.6)**	**(0.3)**	**–**	**(0.3)**
Employer contributions	**–**	**(9.3)**	**(9.3)**	**–**	**(0.5)**	**(0.5)**
Benefit payments	**(1.9)**	**1.9**	**–**	**(0.1)**	**0.1**	**–**
At 31 December 2013	**189.0**	**(176.3)**	**12.7**	**10.4**	**(9.7)**	**0.7**

	Group			Company		
	Present value of obligation £m	Fair value of plan assets £m	Total £m	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2012 (restated)	164.6	(129.0)	35.6	9.1	(7.1)	2.0
Interest expense/(income)	8.0	(6.4)	1.6	0.4	(0.4)	–
Remeasurements:						
– Return on plan assets, excluding amounts included in interest income	–	(11.4)	(11.4)	–	(0.6)	(0.6)
– Loss from change in financial assumptions	10.9	–	10.9	0.6	–	0.6
– Experience gains	(1.6)	–	(1.6)	(0.1)	–	(0.1)
Employer contributions	–	(7.2)	(7.2)	–	(0.4)	(0.4)
Benefit payments	(2.3)	2.3	–	(0.1)	0.1	–
At 31 December 2012 (restated)	179.6	(151.7)	27.9	9.9	(8.4)	1.5

The significant actuarial assumptions were as follows:

	Group	
Significant actuarial assumptions at 31 December	**2013**	2012
Expected rate of salary increases	**3.85%**	4.50%
Rate of increase to pensions in payment		
– accrued before 6 April 1997	**3.00%**	3.00%
– accrued after 5 April 1997	**3.50%**	3.00%
– accrued after 5 April 2005	**2.40%**	2.30%
Rate of increase to pensions in deferment		
– accrued before 6 April 2001	**5.00%**	5.00%
– accrued after 5 April 2001	**2.50%**	2.40%
– accrued after 5 April 2009	**2.50%**	2.40%
Discount rate	**4.50%**	4.60%
Inflation assumption	**3.50%**	3.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60:

		Group	
		2013	2012
Retiring at the end of the reporting period	– Male	**88.6**	88.1
	– Female	**89.8**	89.3
Retiring 20 years after the end of the reporting period	– Male	**90.5**	89.6
	– Female	**91.8**	90.9

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

	Impact on present value of scheme obligations £m
0.1% increase in discount rates	(4.0)
0.1% increase in inflation rate	1.7
0.1% increase in salary increase rate	0.8
1 year increase in life expectancy	5.1

The above sensitivity analysis is based on a change in an assumption holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Plan assets are comprised as follows:

	2013		2012	
	Quoted £m	**%**	Quoted £m	%
Equity instruments	**74.1**	**42%**	61.8	41%
Diversified growth funds	**51.2**	**29%**	42.4	28%
Bonds	**49.6**	**28%**	46.9	31%
Cash and cash equivalents	**1.4**	**1%**	0.6	–
Total	**176.3**	**100%**	151.7	100%

No plan assets are the Group's own financial instruments or property occupied or used by the Group.

Through the defined benefit plan, 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 create a deficit. The Plan holds a significant proportion of equities and diversified growth funds, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

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

Inflation risk
Higher inflation will lead to higher liabilities. The majority of the Plan's assets are either unaffected by or are loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy
The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plan's liabilities.

Expected contributions to post-employment benefit plans for the year ending 31 December 2014 are £10.0m. The Company expects to contribute £0.6m.

The weighted average duration of the defined benefit obligation is 23 years.

Expected maturity analysis of the undiscounted pension benefits:

At 31 December 2013	**Less than a year £m**	**Between 1 – 2 years £m**	**Between 2 – 5 years £m**	**Over 5 years £m**	**Total £m**
Pension benefit payments	2.1	2.4	9.1	624.7	638.3

11. Finance income and costs

	Group	
	2013 £m	2012 (restated) £m
Bank interest receivable	**1.1**	1.1
Fair value gain – interest rate swaps	**0.1**	0.1
Finance income	**1.2**	1.2
Bank interest payable	**(0.7)**	(0.9)
Net interest on defined benefit pension obligation	**(1.1)**	(1.6)
Finance costs	**(1.8)**	(2.5)
Net finance cost	**(0.6)**	(1.3)

12. Income tax expense

	Group 2013 £m	2012 (restated) £m
Analysis of tax expense for the year		
Current tax		
United Kingdom:		
Corporation tax on profits for the year	**12.9**	12.2
Adjustment in respect of prior years	**(0.2)**	0.8
	12.7	13.0
Foreign tax	**8.7**	6.8
Adjustment in respect of prior years	**(0.7)**	(0.2)
Total current tax	**20.7**	19.6
Deferred tax		
Representing:		
United Kingdom	**(2.9)**	(5.0)
Effect of change in UK tax rate on deferred tax	**1.2**	0.6
Foreign tax	**(0.5)**	(1.2)
Adjustment in respect of prior years	**0.2**	0.9
Total deferred tax (Note 18)	**(2.0)**	(4.7)
Income tax expense	**18.7**	14.9

The weighted average applicable UK corporation tax rate was 23.25% (2012: 24.5%) due to the reduction of the UK corporation tax rate from 24% to 23% which was effective from 1 April 2013. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to Group profits. The tax for the year is higher (2012: higher) than the weighted average rate of 23.25% (2012: 24.5%). The total tax charge on profit can be reconciled to the accounting profit as follows:

	Group 2013 £m	2012 (restated) £m
Profit before tax	**70.1**	52.0
Tax on profit at 23.25% (2012: 24.5%)	**16.3**	12.8
Effects of:		
Adjustment in respect of prior years	**(0.7)**	1.5
Adjustments in respect of foreign tax rates	**(1.0)**	(1.7)
Utilisation of previously unprovided tax losses	**(0.4)**	(1.1)
Impact of falling/(rising) share price compared to the fair value of share awards/options at date of grant	**0.1**	(0.9)
Income not subject to tax	**(0.2)**	(0.1)
Non-deductible tax losses	**2.0**	1.4
Expenses and other charges not deductible for tax purposes	**3.1**	3.8
Tax on joint ventures and associates	**(1.7)**	(1.4)
Effect of change in UK tax rate on deferred tax	**1.2**	0.6
Income tax expense on profit	**18.7**	14.9

The effective tax rate of the Group for the year ended 31 December 2013 is 26.7% (2012 (restated): 28.7%).

The Finance Act 2013 substantively enacted on 2 July 2013 included legislation reducing the UK corporation tax rate from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015.

Deferred tax expected to reverse in the year ended 31 December 2014 has been remeasured using the effective rate that is expected to apply in the year (21.25%) and at 20.25% to 20% for reversals expected after that date.

The tax (charged)/credited to other comprehensive income is as follows:

	Group		Company	
	2013 £m	2012 (restated) £m	**2013 £m**	2012 £m
Tax on items that will not be reclassified to profit or loss				
Deferred tax charge on pension actuarial gains	**(1.7)**	(0.5)	**(0.2)**	(0.1)
	(1.7)	(0.5)	**(0.2)**	(0.1)
Tax on items that may subsequently be reclassified to profit or loss				
Current tax credit on employee benefits	**4.0**	2.5	**0.5**	–
Current tax (charge)/credit on foreign exchange reserves	**(0.1)**	0.2	**–**	–
Current tax credit on retirement benefits	**2.1**	1.7	**0.1**	0.1
Deferred tax on additional pension contributions	**(2.1)**	(1.7)	**–**	–
Deferred tax on pension – effect of tax rate change	**(0.2)**	(0.6)	**–**	–
Deferred tax (charge)/credit on employee benefits	**(0.6)**	(0.5)	**0.3**	0.2
Deferred tax charge on revaluations of available-for-sale investments	**(0.2)**	(0.2)	**–**	–
Deferred tax credit on foreign exchange reserves	**0.1**	–	**–**	–
	3.0	1.4	**0.9**	0.3
Tax on items relating to components of other comprehensive income	**1.3**	0.9	**0.7**	0.2

13. Dividends – Group and Company

	2013 £m	2012 £m
Amounts recognised as distribution to owners in the year:		
Ordinary final dividend for 2012 of 6.7p per share (2011: 6.35p)	**8.5**	7.8
Supplemental interim dividend for 2012 of 6.0p per share (2011: 4.0p)	**7.6**	5.0
Interim dividend of 3.5p per share (2012: 3.3p)	**4.5**	4.1
	20.6	16.9

The Board recommends a final dividend of 7.0p (net) per ordinary share (amounting to £9.0m) is paid, alongside the supplemental interim dividend of 8.5p per ordinary share (amounting to £11.0m), to be paid on 21 May 2014 to shareholders on the register at 22 April 2014. These financial statements do not reflect this dividend payable.

Under the terms of the Savills plc 1992 Employee Benefit Trust (the 'EBT'), the Trustee has waived all but 0.01p of any dividend on each share held by the Trust.

The total paid and recommended ordinary and supplemental dividends for the 2013 financial year comprises an aggregate distribution of 19.0p per ordinary share (2012: 16.0p per ordinary share).

14(a). Basic and diluted earnings per share

Basic earnings per share ('EPS') are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, excluding the shares held by the EBT, 5,525,661 shares (2012: 7,183,049 shares).

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, being the share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and where performance conditions have been met.

The earnings and the shares used in the calculations are as follows:

	2013 Earnings £m	**2013 Shares million**	**2013 EPS pence**	2012 Earnings (restated) £m	2012 Shares million	2012 EPS (restated) pence
Basic earnings per share	**50.8**	**127.7**	**39.8**	36.8	124.8	29.4
Effect of additional shares issuable under option	**–**	**5.6**	**(1.7)**	–	5.7	(1.2)
Diluted earnings per share	**50.8**	**133.3**	**38.1**	36.8	130.5	28.2

14(b). Underlying basic and diluted earnings per share

Excludes profit on disposals, share-based payment adjustment, impairment and amortisation of goodwill and intangible assets (excluding software), impairment of available-for-sale investment and associate undertaking and restructuring costs.

	2013 Earnings £m	2013 Shares million	2013 EPS pence	2012 Earnings (restated) £m	2012 Shares million	2012 EPS (restated) pence
Basic earnings per share	**50.8**	**127.7**	**39.8**	36.8	124.8	29.4
Amortisation of intangible assets (excluding software) after tax	**1.7**	**–**	**1.3**	1.9	–	1.5
Impairment of available-for-sale investment after tax	**–**	**–**	**–**	1.2	–	1.0
Share-based payment adjustment after tax	**(1.8)**	**–**	**(1.4)**	0.5	–	0.4
Restructuring costs after tax	**4.1**	**–**	**3.2**	3.2	–	2.6
Loss/(profit) on disposal of available-for-sale investment after tax	**0.3**	**–**	**0.2**	(1.3)	–	(1.0)
Underlying basic earnings per share	**55.1**	**127.7**	**43.1**	42.3	124.8	33.9
Effect of additional shares issuable under option	**–**	**5.6**	**(1.7)**	–	5.7	(1.5)
Underlying diluted earnings per share	**55.1**	**133.3**	**41.4**	42.3	130.5	32.4

The Directors regard the above adjustments necessary to give a fair picture of the underlying results of the Group for the year. The adjustment for share-based payment relates to the impact of the accounting standard for share-based compensation.

The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by adding to or deducting from profit the difference between the IFRS 2 charge and the effective value of the annual share award in order better to match the underlying staff costs in the year with the revenue recognised in the same period.

The gross amounts of the above adjustments (Note 8) are amortisation of intangible assets (excluding software) £2.1m (2012: £2.4m), impairment of available-for-sale investment of £nil (2012: £1.2m), share-based payment adjustment £2.5m credit (2012: £0.7m charge), restructuring costs of £5.2m (2012: £4.0m) and loss on disposals of £0.3m (2012: profit of £1.7m).

15. Goodwill and intangible assets

					Group	Company
Acquired goodwill and intangible assets	**Goodwill £m**	**Customer/ business relationships £m**	**Investment and property management contracts £m**	**Computer software £m**	**Total £m**	**Total £m**
Cost						
At 1 January 2013	**179.3**	**20.5**	**11.8**	**14.6**	**226.2**	**4.7**
Additions through business combinations (Note 17(e))	**1.3**	**–**	**–**	**–**	**1.3**	**–**
Other additions	**–**	**0.2**	**–**	**2.3**	**2.5**	**0.3**
Disposals	**–**	**–**	**–**	**(1.5)**	**(1.5)**	**(1.6)**
Exchange movement	**(2.5)**	**–**	**(0.4)**	**(0.2)**	**(3.1)**	**–**
At 31 December 2013	**178.1**	**20.7**	**11.4**	**15.2**	**225.4**	**3.4**
Accumulated amortisation and impairment						
At 1 January 2013	**42.6**	**13.6**	**6.1**	**10.1**	**72.4**	**2.9**
Amortisation charge for the year	**–**	**1.8**	**0.3**	**1.8**	**3.9**	**0.5**
Disposals	**–**	**–**	**–**	**(1.5)**	**(1.5)**	**(0.9)**
Exchange movement	**(0.1)**	**–**	**(0.3)**	**(0.1)**	**(0.5)**	**–**
At 31 December 2013	**42.5**	**15.4**	**6.1**	**10.3**	**74.3**	**2.5**
Net book value						
At 31 December 2013	**135.6**	**5.3**	**5.3**	**4.9**	**151.1**	**0.9**

All intangible amortisation charges in the year are disclosed on the face of the income statement. The Company's intangible assets consist of computer software only.

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Year ended 31 December 2013 continued

Acquired goodwill and intangible assets	Goodwill £m	Customer/ business relationships £m	Investment and property management contracts £m	Computer software £m	Group Total £m	Company Total £m
Cost						
At 1 January 2012	179.5	21.2	10.8	12.2	223.7	3.8
Additions through business combinations	2.5	0.7	0.4	–	3.6	–
Initial recognition of deferred tax on intangible assets	0.2	–	–	–	0.2	–
Other additions	–	–	0.1	3.0	3.1	0.9
Disposals	–	–	–	(0.4)	(0.4)	–
Derecognition of fully amortised intangible assets	–	(0.8)	–	–	(0.8)	–
Exchange movement	(2.9)	(0.6)	0.5	(0.2)	(3.2)	–
At 31 December 2012	179.3	20.5	11.8	14.6	226.2	4.7
Accumulated amortisation and impairment						
At 1 January 2012	43.9	12.8	5.2	9.3	71.2	2.4
Amortisation charge for the year	–	2.0	0.4	1.3	3.7	0.5
Disposals	–	–	–	(0.4)	(0.4)	–
Derecognition of fully amortised intangible assets	–	(0.8)	–	–	(0.8)	–
Exchange movement	(1.3)	(0.4)	0.5	(0.1)	(1.3)	–
At 31 December 2012	42.6	13.6	6.1	10.1	72.4	2.9
Net book value						
At 1 January 2012	135.6	8.4	5.6	2.9	152.5	1.4
At 31 December 2012	136.7	6.9	5.7	4.5	153.8	1.8

During the year, goodwill and intangible assets were tested for impairment in accordance with IAS 36. Goodwill and intangible assets are allocated to the Group's cash-generating units (CGUs) identified according to country of operation and business segment. In most cases, the CGU is an individual subsidiary or operation and these have been separately assessed and tested. A segment-level summary of the allocation of goodwill and indefinite useful life intangible assets is presented below:

2013	**Transaction Advisory £m**	**Consultancy £m**	**Property and Facilities Management £m**	**Investment Management £m**	**Total £m**
United Kingdom	**25.6**	**9.8**	**4.5**	**4.0**	**43.9**
Continental Europe	**31.7**	**–**	**5.3**	**–**	**37.0**
Asia Pacific	**10.6**	**4.0**	**28.0**	**–**	**42.6**
United States	**14.4**	**–**	**–**	**–**	**14.4**
Total goodwill and indefinite life intangible assets	**82.3**	**13.8**	**37.8**	**4.0**	**137.9**

2012	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m
United Kingdom	24.9	10.2	4.9	3.6	43.6
Continental Europe	24.9	1.1	10.5	–	36.5
Asia Pacific	11.2	3.0	29.7	–	43.9
United States	14.7	–	–	–	14.7
Total goodwill and indefinite life intangible assets	75.7	14.3	45.1	3.6	138.7

Method of impairment testing
All recoverable amounts were determined based on value-in-use calculations. These calculations use discounted cash flow projections based on financial budgets and strategic plans approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal value. There was no impairment charge for goodwill and intangible assets arising from the annual impairment tests conducted (2012: £nil).

Assumptions
Market recovery
In each case the models used assume that the property markets in which the Group operates (which drive its revenue growth) will continue to improve during 2014 and remain stable beyond this.

Discount rate
The discount rate applied to cash flows of each CGU is based on the Group's Weighted Average Cost of Capital (WACC). WACC is the average cost of sources of financing (debt and equity), each of which is weighted by its respective use.

Key inputs to the WACC calculation are the risk free rate, the equity market risk premium (the return that Savills shares provide over the risk free rate), beta (reflecting the risk of the Group relative to the market as a whole) and the Group's borrowing rates.

Group WACC was adjusted for risk relative to the country in which the assets were located. The risk-adjusted pre-tax discount range of rates used in each region for impairment testing are as follows:

	2013 Pre-tax discount rate range	2012 Pre-tax discount rate range
United Kingdom	**10.9%**	10.9%
Continental Europe	**10.9%**	10.9 – 11.9%
Asia Pacific	**9.3% – 21.0%**	9.5 – 21.3%
United States	**10.9%**	12.9%

Long-term growth rate
To forecast beyond the five years covered by detailed forecasts, a terminal value was calculated, using average long-term growth rates. The long-term growth rates used to calculate terminal values ranged from 1.5% – 5.6% (2012: 1.5%). The rates are based on the long-term growth rate in the countries in which the Group operates.

Sensitivity to changes in assumptions
The level of impairment is a reflection of best estimates in arriving at value-in-use, future growth rates and the discount rate applied to cash flow projections. Nonetheless, there are no CGUs which management considers a reasonable possible change in a key assumption would give rise to an impairment, apart from the Group's US business. In the US business, the recoverable amount calculated based on value-in-use exceeded carrying value by 56.7%. The value-in-use calculation is sensitive to achievement of 2014 budget and future revenue growth rate assumptions. If 2014 revenue is 20% below budget or if assumed future revenue growth rates decreased by 750bps per annum the available headroom would be reduced to nil.

Future impairments on goodwill and intangible assets relating to any of the Group's investments may be impacted by the following factors:

Market conditions – the timing and growth expectations for further market improvements are key assumptions in the determination of the cash flow projections. For the purposes of the impairment tests, management expects the market to continue to improve from 2014 onwards.

Cost base – the cost base assumptions reflect 2013's costs with limited growth in the fixed cost base going forward. Commissions and profit shares are correlated to the Group's revenue and profits and the percentage payout. These are assumed to be consistent with existing rates.

16. Property, plant and equipment

Group	**Freehold property £m**	**Short leasehold property £m**	**Equipment and motor vehicles Owned £m**	**Equipment and motor vehicles Leased £m**	**Total £m**
Cost					
At 1 January 2013	**0.1**	**20.6**	**50.8**	**0.1**	**71.6**
Additions through business combinations (Note 17(e))	**–**	**–**	**0.1**	**–**	**0.1**
Additions	**–**	**14.8**	**8.5**	**–**	**23.3**
Disposals	**–**	**(2.4)**	**(4.4)**	**(0.1)**	**(6.9)**
Exchange movement	**–**	**–**	**(0.8)**	**–**	**(0.8)**
At 31 December 2013	**0.1**	**33.0**	**54.2**	**–**	**87.3**
Accumulated depreciation and impairment					
At 1 January 2013	**–**	**12.9**	**40.1**	**0.1**	**53.1**
Charge for the year	**–**	**2.0**	**5.6**	**–**	**7.6**
Impairment	**–**	**–**	**0.1**	**–**	**0.1**
Disposals	**–**	**(2.3)**	**(4.0)**	**(0.1)**	**(6.4)**
Exchange movement	**–**	**–**	**(0.5)**	**–**	**(0.5)**
At 31 December 2013	**–**	**12.6**	**41.3**	**–**	**53.9**
Net book value					
At 31 December 2013	**0.1**	**20.4**	**12.9**	**–**	**33.4**

The Directors consider that the fair value of property, plant and equipment approximates carrying value.

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Year ended 31 December 2013 continued

Group	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles Owned £m	Equipment and motor vehicles Leased £m	Total £m
Cost					
At 1 January 2012	0.1	18.4	53.7	0.1	72.3
Additions	–	3.2	4.5	–	7.7
Disposals	–	(0.9)	(6.7)	–	(7.6)
Exchange movement	–	(0.1)	(0.7)	–	(0.8)
At 31 December 2012	0.1	20.6	50.8	0.1	71.6
Accumulated depreciation and impairment					
At 1 January 2012	–	11.9	41.9	0.1	53.9
Charge for the year	–	1.8	5.4	–	7.2
Disposals	–	(0.8)	(6.5)	–	(7.3)
Exchange movement	–	–	(0.7)	–	(0.7)
At 31 December 2012	–	12.9	40.1	0.1	53.1
Net book value					
At 1 January 2012	0.1	6.5	11.8	–	18.4
At 31 December 2012	0.1	7.7	10.7	–	18.5

Company	**Freehold property £m**	**Short Leasehold Property £m**	**Equipment and motor vehicles £m**	**Total £m**
Cost				
At 1 January 2013	**0.1**	**1.4**	**5.3**	**6.8**
Additions	**–**	**11.8**	**2.2**	**14.0**
Disposals	**–**	**(12.8)**	**(2.1)**	**(14.9)**
At 31 December 2013	**0.1**	**0.4**	**5.4**	**5.9**
Accumulated depreciation and impairment				
At 1 January 2013	**–**	**0.2**	**4.3**	**4.5**
Charge for the year	**–**	**–**	**0.9**	**0.9**
Disposals	**–**	**–**	**(2.1)**	**(2.1)**
At 31 December 2013	**–**	**0.2**	**3.1**	**3.3**
Net book value				
At 31 December 2013	**0.1**	**0.2**	**2.3**	**2.6**

Company	Freehold property £m	Short Leasehold Property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2012	0.1	0.8	9.5	10.4
Additions	–	1.2	0.5	1.7
Disposals	–	(0.6)	(4.7)	(5.3)
At 31 December 2012	0.1	1.4	5.3	6.8
Accumulated depreciation and impairment				
At 1 January 2012	–	0.8	8.2	9.0
Charge for the year	–	–	0.8	0.8
Disposals	–	(0.6)	(4.7)	(5.3)
At 31 December 2012	–	0.2	4.3	4.5
Net book value				
At 1 January 2012	0.1	–	1.3	1.4
At 31 December 2012	0.1	1.2	1.0	2.3

During the year the Company disposed of £12.8m (2012: £nil) of short leasehold property assets to a subsidiary company.

17(a). Group – Investments in joint ventures and associated undertakings

	Joint ventures			Associated undertakings		
	Investment £m	**Loans £m**	**Total £m**	**Investment £m**	**Goodwill £m**	**Total £m**
Cost or valuation						
At 1 January 2013	**2.4**	**2.5**	**4.9**	**1.9**	**0.2**	**2.1**
Additions	**0.4**	**–**	**0.4**	**–**	**0.1**	**0.1**
Loans advanced	**–**	**0.3**	**0.3**	**0.1**	**–**	**0.1**
Loans repaid	**–**	**(0.3)**	**(0.3)**	**–**	**–**	**–**
Exchange movement	**(0.2)**	**–**	**(0.2)**	**(0.2)**	**–**	**(0.2)**
At 31 December 2013	**2.6**	**2.5**	**5.1**	**1.8**	**0.3**	**2.1**
Share of profit						
At 1 January 2013	**5.3**	**–**	**5.3**	**2.4**	**–**	**2.4**
Group's share of retained profit	**3.0**	**–**	**3.0**	**4.2**	**–**	**4.2**
Dividends received	**(4.0)**	**–**	**(4.0)**	**(1.3)**	**–**	**(1.3)**
Exchange movement	**–**	**–**	**–**	**(0.1)**	**–**	**(0.1)**
At 31 December 2013	**4.3**	**–**	**4.3**	**5.2**	**–**	**5.2**
Total						
At 31 December 2013	**6.9**	**2.5**	**9.4**	**7.0**	**0.3**	**7.3**

	Joint ventures			Associated undertakings		
	Investment £m	Loans £m	Total £m	Investment £m	Goodwill £m	Total £m
Cost or valuation						
At 1 January 2012	2.2	3.3	5.5	2.1	–	2.1
Additions	0.4	–	0.4	0.1	0.2	0.3
Loans repaid	–	(0.4)	(0.4)	(0.3)	–	(0.3)
Disposals	(0.1)	(0.4)	(0.5)	–	–	–
Exchange movement	(0.1)	–	(0.1)	–	–	–
At 31 December 2012	2.4	2.5	4.9	1.9	0.2	2.1
Share of profit						
At 1 January 2012	3.4	–	3.4	2.8	–	2.8
Group's share of retained profit	2.5	–	2.5	4.6	–	4.6
Dividends received	(0.9)	–	(0.9)	(5.1)	–	(5.1)
Disposals	0.4	–	0.4	–	–	–
Exchange movement	(0.1)	–	(0.1)	0.1	–	0.1
At 31 December 2012	5.3	–	5.3	2.4	–	2.4
Total						
At 31 December 2012	7.7	2.5	10.2	4.3	0.2	4.5

In relation to the Group's interests in joint ventures, the assets, liabilities, income and expenses are shown below:

	2013 £m	2012 £m
Current assets	**15.9**	13.1
Non-current assets	**4.7**	6.4
Current liabilities	**(11.8)**	(9.8)
Non-current liabilities	**(1.9)**	(2.0)
Net assets	**6.9**	7.7
Revenue	**21.3**	21.7
Expenses	**(17.4)**	(18.8)
Income tax	**(0.9)**	(0.4)
Share of post-tax profit from joint ventures	**3.0**	2.5

In relation to the Group's associated undertakings, the assets, liabilities, income and expenses are shown below:

	2013 £m	2012 £m
Current assets	**13.8**	9.4
Non-current assets	**1.0**	1.2
Current liabilities	**(7.7)**	(6.3)
Non-current liabilities	**(0.1)**	–
Net assets	**7.0**	4.3
Revenue	**51.4**	54.0
Expenses	**(46.4)**	(48.4)
Income tax	**(0.8)**	(1.0)
Share of post-tax profit from associates	**4.2**	4.6

The joint ventures and associates have no significant liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities or capital commitments in relation to its interests in the joint ventures and associates.

17(b). Available-for-sale investments

		Group 2013 £m	Group 2012 £m
At 1 January		**15.0**	14.4
Additions		**0.2**	1.0
Disposals		**(2.3)**	–
Net fair value gain transferred to other comprehensive income		**1.8**	0.2
Impairment through the income statement		**–**	(0.3)
Exchange movement		**0.1**	(0.3)
At 31 December		**14.8**	15.0
Available-for-sale investments comprise the following:			
Unlisted securities	UK – equity securities	**2.0**	0.9
	UK – limited partnership	**0.6**	0.6
	UK – investment funds	**2.8**	2.7
	European – limited partnerships	**0.1**	0.1
	European – investment funds	**9.0**	10.3
	Asia Pacific – equity securities	**0.3**	0.4
		14.8	15.0

Available-for-sale investments are denominated in the following currencies:

	Group 2013 £m	Group 2012 £m
Sterling	**5.4**	4.2
Euro	**9.1**	10.4
Other	**0.3**	0.4
	14.8	15.0

At 31 December 2013, the Group held the following principal available-for-sale investments:

Investment	Holding	Principal activity
SPF Private Clients Limited (registered in England and Wales)	19.99%	General insurance, mortgage broking and personal financial planning services
Pinnacle Regeneration Group Limited (registered in England and Wales)	3.03%	Social housing services
Cordea Savills Dawn Syndication LP (registered in England and Wales)	3.50%	Investment property fund
Cordea Savills Student Hall Fund (registered in Jersey)	2.03%	Student accommodation property fund
Cordea Savills Italian Opportunities Fund 1 (registered in Luxembourg)*	2.81%	Investment property fund
Cordea Savills Italian Opportunities Fund 2 (registered in Luxembourg)	1.34%	Investment property fund
Serviced Land No. 2 LP (registered in England and Wales)	1.97%	UK land investment fund
Cordea Savills German Retail Fund (registered in Luxembourg)	1.94%	Retail investment property fund
Cordea Savills Nordic Retail Fund (registered in Luxembourg)	11.33%	Retail investment property fund
Cordea Savills UK Property Ventures No. 1 LP (registered in England and Wales)	4.15%	UK land investment fund
Prime London Residential Development Fund (registered in England and Wales)	3.19%	London Residential Development Fund

* This holding relates to Class C ordinary shares. The Group also holds 100% of Class A1 preference shares and 4.0% of Class B preference shares in this fund.

An impairment charge of £nil (2012: £0.3m, in addition to £0.9m of losses transferred from equity into the income statement) was recognised directly in the income statement.

In October 2013 the Group recognised a loss on disposal of £0.3m in relation to its shareholding in Cordea Savills Italian Opportunities Fund 1, following a capital distribution received in advance of the fund being liquidated.

The Group does not exert significant influence over these businesses, and therefore does not equity account for these investments. These shareholdings are treated as trade investments and held at fair value.

The fair value of unlisted securities is based on underlying asset values and price earnings models. The fair value of investment funds is determined by the Fund Manager's annual audited financial statements.

At 31 December 2013 the Group held conditional commitments to co-invest £0.4m (2012: £0.5m) in the Cordea Savills UK Property Ventures Fund No. 1 LP, £0.1m (2012: £0.1m) in the Cordea Savills Italian Opportunities Fund 2, £nil (2012: £0.2m) in the Cordea Savills Italian Opportunities Fund 1 and £0.5m in the Prime London Residential Development Fund (2012: £0.5m).

The Company made no available-for-sale investments during the year (2012: £nil).

17(c). Company – Investments in subsidiaries

	Shares in Group undertaking £m	Loans to Group undertaking £m	Total £m
Cost			
At 1 January 2012	22.4	103.6	126.0
Loans repaid	–	(21.6)	(21.6)
Disposals	(0.1)	–	(0.1)
Exchange movement	–	(0.4)	(0.4)
At 31 December 2012	22.3	81.6	103.9
Loans advanced	**–**	**2.3**	**2.3**
Loans repaid	**–**	**(27.0)**	**(27.0)**
Exchange movement	**–**	**0.3**	**0.3**
At 31 December 2013	**22.3**	**57.2**	**79.5**

17(d). Investments in subsidiaries, joint ventures and associated undertakings

The principal subsidiaries, joint ventures and associated undertakings of the Group which, in the Directors' opinion principally affect the figures shown in the financial statements, are shown below together with details of their main activities. Except where otherwise noted, they are wholly-owned, have share capital wholly comprised of ordinary shares, are registered in England and Wales, operate in the UK and are consolidated into the Group financial statements. Holding interests are the same as voting interests.

A full list of the Group's subsidiaries, joint ventures and associated undertakings is available from the registered office of Savills plc.

Subsidiary undertakings	Holding	Main activities
Cordea Savills LLP*+	100%	Investment management
Savills (UK) Limited*	100%	Property agency, consultants and management
Prime Purchase Limited*	100%	Property buying company
Cordea Savills Investment Management Limited*	100%	Asset manager
Savills LLC*++ (registered in the US)	100%	Property consultants
Savills Commercial (Ireland) Limited* (registered in Ireland)	100%	Property consultants
Savills Consultores Inmobiliarios SA* (registered in Spain)	100%	Property consultants
Savills Immobilien Beratungs GmbH* (registered in Germany)	100%	Property consultants
Savills SA* (registered in France)	99.97%	Property consultants
Savills Italy SRL* (registered in Italy)	100%	Property consultants
Savills Nederland Holding BV* (registered in the Netherlands)	87%	Property consultants
Savills Sweden AB* (registered in Sweden)	100%	Property consultants
Förvaltningsaktiebolaget Stadsmuren* (registered in Sweden)	100%	Project management
Loudden Bygg-och Fastighetsservice AB* (registered in Sweden)	70%	Facilities management
Savills Spolka z Organiczona* (registered in Poland)	100%	Property consultants
Savills Belux Group SA (registered in Belgium)	70%	Property consultants
Savills (Hong Kong) Limited* (registered in Hong Kong)	100%	Mixed practice agency, valuation and research
Savills Valuation and Professional Services Limited* (registered in Hong Kong)	100%	Valuation and research
Savills Property Management Limited* (registered in Hong Kong)	100%	Property management
Guardian Property Management Limited* (registered in Hong Kong)	100%	Property management
Savills (Singapore) Pte Limited* (registered in Singapore)	100%	Property management and agency
Savills Japan KK* (registered in Japan)	100%	Property management and agency
Savills Property Services (Shanghai) Co Limited* (registered in China)	100%	Property management
Savills Property Services (Beijing) Co Limited* (registered in China)	100%	Property management
Savills Korea Asset Management Limited* (registered in Korea)	100%	Property management
Savills Korea Co. Limited* (registered in Korea)	100%	Property agency and consultants
Savills (Vietnam) Limited* (registered in BVI)	98%	Property management and agency
Savills (Thailand) Limited* (registered in Thailand)	100%	Property agency, consultants and management
Savills (Taiwan) Limited* (registered in Taiwan)	100%	Property agency and consultants
Savills (Myanmar) Limited* (registered in Myanmar)	100%	Property agency, consultants and management
Savills (Aust) Pty Limited* (registered in Australia)	96.19%	Property agency, consultants and management
Joint ventures		
GES Holdings Limited* (Macau)	50%	Property management
Associated undertakings		
Hutton Asia Pte Ltd* (Singapore)	48%	Property agency

* Shares/interests held indirectly by the Company.
\+ Limited Liability Partnership.
++ Limited Liability Company.

17(e). Acquisitions of subsidiaries

During the year, the Group obtained effective control and consolidated some small businesses in China. These businesses provide real estate and land valuation services and will open up this market in mainland China for the Group. Goodwill of £1.3m has been determined, and is attributable to industry reputation and synergies the Group expects to gain.

For these businesses, there was no difference between the fair value and carrying value of net assets consolidated, except for intangible assets. The Group acquires businesses intended for use on a continuing basis. There were no significant changes to the provisional goodwill that arose in the previous year on acquisitions.

17(f). Transactions with non-controlling interests

During the year, the Group undertook the following transactions with non-controlling interests:

Name	Date	Holding acquired/ (disposed)	Total holding at 31 December 2013
Savills (Vietnam) Limited	January 2013	5.9%	**98.0%**
Savills Sweden AB	December 2013	1.6%	**100.0%**
Cordea Savills SGR SpA	June 2013	(10.0%)	**90.0%**

Acquisitions

Under IAS 27 (revised), transactions with non-controlling interests must be accounted for as equity transactions, therefore no goodwill has been recognised. Acquisition costs related to these transactions were not significant.

In January 2013, the Group acquired an additional 5.9% of the shares in Savills (Vietnam) Limited for cash consideration of £1.0m. This takes the Group's shareholding to 98.0%. The carrying amount of Savills (Vietnam) Limited's net assets on the date of acquisition was £1.1m. The Group recognised a decrease in non-controlling interest of £nil. The amount charged to retained earnings in respect of this transaction was £1.0m.

In December 2013, the Group acquired an additional 1.6% of the shares in Savills Sweden AB for cash consideration of £0.1m. This takes the Group's shareholding to 100.0%. The carrying amount of Savills Sweden AB's net assets on the date of acquisition was £6.6m. The Group recognised a decrease in non-controlling interest of £0.1m. The amount charged to retained earnings in respect of this transaction was £nil.

In 2012 the Group acquired additional stakes in Savills LLC and Savills (Vietnam) Limited for a total consideration of £11.8m.

Disposals

In June 2013, the Group disposed of 10.0% of the shares in Cordea Savills SGR SpA for cash consideration of £nil. This reduced the Group's shareholding to 90.0%. The carrying amount of Cordea Savills SGR SpA on the date of disposal was £3.5m. The Group recognised an increase in non-controlling interest of £0.3m. The amount charged to retained earnings in respect of this transaction was £0.3m.

18. Deferred income tax

Deferred income tax assets and liabilities are only offset where there are legally enforceable rights to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority. The deferred tax assets and liabilities are offset when realised through current tax. The deferred income tax assets and liabilities at 31 December, without taking into consideration the offsetting balances within the same jurisdiction, are as follows:

The movement on the deferred tax account is shown below:

	Group		Company	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Deferred tax assets				
– Deferred tax asset to be recovered after more than 12 months	**23.3**	21.4	**2.9**	1.8
– Deferred tax asset to be recovered within 12 months	**3.5**	8.5	**0.3**	0.7
	26.8	29.9	**3.2**	2.5
Deferred tax liabilities				
– Deferred tax liability to be recovered after more than 12 months	**(0.9)**	(1.2)	**–**	–
– Deferred tax liability to be recovered within 12 months	**(0.6)**	(0.5)	**–**	–
	(1.5)	(1.7)	**–**	–
Deferred tax asset – net	**25.3**	28.2	**3.2**	2.5

	Group		Company	
	2013 £m	2012 (restated) £m	**2013 £m**	2012 £m
At 1 January – asset	**28.2**	27.3	**2.5**	1.9
Amount credited to the income statement (Note 12)	**3.2**	5.3	**0.7**	0.6
Effect of UK tax rate change within the income statement (Note 12)	**(1.2)**	(0.6)	**(0.1)**	(0.1)
Tax charged to other comprehensive income				
– Pension asset on actuarial gain	**(1.7)**	(0.5)	**(0.2)**	(0.1)
– Pension asset on additional contributions	**(2.1)**	(1.7)	**–**	–
– Pension asset – effect of UK tax rate change within other comprehensive income	**(0.2)**	(0.6)	**–**	–
– Employee benefits	**(0.6)**	(0.5)	**0.3**	0.2
– Revaluations of available-for-sale investments	**(0.2)**	(0.2)	**–**	–
– Movement on foreign exchange reserves	**0.1**	–	**–**	–
Exchange movement	**(0.2)**	(0.1)	**–**	–
Initial recognition of intangible assets	**–**	(0.2)	**–**	–
At 31 December – asset	**25.3**	28.2	**3.2**	2.5

Deferred income tax assets have been recognised in respect of all tax losses and other temporary differences to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

As at the reporting date the Group did not recognise deferred tax income tax assets of £7.6m (2012: £8.5m) in respect of losses amounting to £23.5m (2012: £24.9m) that can be carried forward indefinitely against future taxable income (2012: losses of £0.7m expired within 2 years, £1.1m expired between 3 and 8 years, £23.1m remained available for offset indefinitely).

Deferred tax assets – Group	**Accelerated capital allowances £m**	**Other including provisions £m**	**Tax losses £m**	**Retirement benefits £m**	**Revaluation £m**	**Employee benefits £m**	**Total £m**
At 1 January 2012	0.9	7.1	5.7	9.0	0.3	6.4	29.4
Amount credited/(charged) to the income statement (restated)	0.1	1.1	1.4	0.2	–	2.1	4.9
Effect of UK tax rate change within the income statement	–	(0.3)	–	–	–	(0.4)	(0.7)
Tax charged to other comprehensive income (restated)	–	–	–	(2.2)	(0.3)	(0.5)	(3.0)
Effect of UK tax rate change within other comprehensive income	–	–	–	(0.6)	–	–	(0.6)
Exchange movement	–	0.1	(0.2)	–	–	–	(0.1)
At 31 December 2012	1.0	8.0	6.9	6.4	–	7.6	29.9
Amount (charged)/credited to the income statement (Note 12)	**(0.3)**	**0.3**	**0.6**	**0.3**	**–**	**2.1**	**3.0**
Effect of UK tax rate change within the income statement (Note 12)	**–**	**(0.6)**	**–**	**–**	**–**	**(0.7)**	**(1.3)**
Tax charged to other comprehensive income (Note 12)	**–**	**–**	**–**	**(3.8)**	**–**	**(0.6)**	**(4.4)**
Effect of UK tax rate change within other comprehensive income (Note 12)	**–**	**–**	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Exchange movement	**–**	**(0.2)**	**–**	**–**	**–**	**–**	**(0.2)**
At 31 December 2013	**0.7**	**7.5**	**7.5**	**2.7**	**–**	**8.4**	**26.8**

Deferred tax liabilities – Group	Accelerated capital allowances £m	Other including provisions £m	Revaluations £m	Intangible assets £m	Total £m
At 1 January 2012	–	(0.2)	(0.2)	(1.7)	(2.1)
Amount (charged)/credited to the income statement	–	(0.1)	–	0.5	0.4
Effect of UK tax rate change within the income statement	–	–	–	0.1	0.1
Effect of UK tax rate change within other comprehensive income	–	–	0.1	–	0.1
Initial recognition of intangible assets	–	–	–	(0.2)	(0.2)
At 31 December 2012	–	(0.3)	(0.1)	(1.3)	(1.7)
Amount (charged)/credited to the income statement (Note 12)	**(0.1)**	**–**	**–**	**0.3**	**0.2**
Effect of UK tax rate change within the income statement (Note 12)	**–**	**–**	**–**	**0.1**	**0.1**
Tax credited/(charged) to other comprehensive income (Note 12)	**–**	**0.1**	**(0.2)**	**–**	**(0.1)**
At 31 December 2013	**(0.1)**	**(0.2)**	**(0.3)**	**(0.9)**	**(1.5)**
Net deferred tax asset					
At 31 December 2013					**25.3**
At 31 December 2012					28.2

Deferred tax assets – Company	Accelerated capital allowances £m	Other including provisions £m	Retirement benefits £m	Employee benefits £m	Total £m
At 1 January 2012	0.3	0.6	0.5	0.5	1.9
Amount credited to income statement	–	–	–	0.6	0.6
Effect of UK tax rate change within income statement	–	(0.1)	–	–	(0.1)
Tax (charged)/credited to other comprehensive income	–	–	(0.1)	0.2	0.1
As at 31 December 2012	0.3	0.5	0.4	1.3	2.5
Amount credited/(charged) to the income statement	**–**	**0.3**	**(0.1)**	**0.5**	**0.7**
Effect of UK tax rate change within the income statement	**–**	**(0.1)**	**–**	**–**	**(0.1)**
Tax (charged)/credited to other comprehensive income (Note 12)	**–**	**–**	**(0.2)**	**0.3**	**0.1**
At 31 December 2013	**0.3**	**0.7**	**0.1**	**2.1**	**3.2**
Net deferred tax asset					
At 31 December 2013					**3.2**
At 31 December 2012					2.5

19. Trade and other receivables

	Group		Company	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Trade receivables	**201.7**	182.5	**–**	–
Less: provision for impairment of receivables	**(13.0)**	(8.4)	**–**	–
Trade receivables – net	**188.7**	174.1	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**14.1**	13.8
Other receivables	**17.6**	17.4	**0.3**	0.6
Prepayments and accrued income	**34.2**	29.3	**1.6**	0.8
	240.5	220.8	**16.0**	15.2

The carrying value of trade and other receivables is approximate to their fair value.

There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of clients internationally dispersed with no individual client owing a significant amount. The credit quality of receivables is managed at a local subsidiary level with uncollectable amounts being impaired where necessary.

Amounts owed by subsidiary undertakings are unsecured, interest free and generally cleared within the month.

As at 31 December 2013, trade receivables of £127.8m (2012: £125.5m) were neither past due nor impaired and fully performing.

As at 31 December 2013, trade receivables of £13.0m (2012: £8.4m) were impaired and provided for. The individually impaired receivables mainly relate to receivables from clients that have been affected by the uncertain economic conditions where funding and completion have been delayed and cash flow has become uncertain.

The ageing of these receivables is as follows:

	Group	
	2013 £m	2012 £m
Up to 3 months	**0.6**	0.9
3 to 6 months	**3.8**	1.5
Over 6 months	**8.6**	6.0
	13.0	8.4

As at 31 December 2013, trade receivables of £60.9m (2012: £48.6m) were past due but not impaired. These relate to trade receivables which are past due at the reporting date but are not considered impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The ageing of these receivables is as follows:

	Group	
	2013 £m	2012 £m
Up to 3 months	**43.5**	35.8
3 to 6 months	**10.0**	8.4
Over 6 months	**7.4**	4.4
	60.9	48.6

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group	
	2013 £m	2012 £m
Sterling	**127.9**	107.1
Euro	**30.3**	25.3
Hong Kong dollar	**30.5**	39.1
Australian dollar	**18.1**	14.9
Other*	**33.7**	34.4
	240.5	220.8

* Other currencies include US dollar, Chinese renminbi, South Korean won, Singapore dollar, Polish zloty and Swedish krona.

Movement on the provision for impairment of trade receivables is as follows:

	Group	
	2013 £m	2012 £m
At 1 January	**(8.4)**	(7.9)
Provisions for receivables impairment	**(6.8)**	(3.6)
Receivables written off during the year as uncollectible	**1.2**	1.9
Unused provisions released	**0.8**	1.1
Exchange movements	**0.2**	0.1
At 31 December	**(13.0)**	(8.4)

The creation and release of the provision for impaired receivables have been included in other operating expenses in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

20. Cash and cash equivalents

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Cash at bank and in hand	**115.5**	85.8	**70.9**	21.2
Short-term bank deposits	**6.7**	7.0	**–**	–
	122.2	92.8	**70.9**	21.2

The carrying value of cash and cash equivalents approximates their fair value.

The effective interest rate on short-term bank deposits as at 31 December 2013 was 1.98% (2012: 1.81%); these deposits have an average maturity of 62 days (2012: 55 days).

Cash subject to restrictions in Asia Pacific amounts to £20.0m (2012: £15.9m) which is cash pledged to banks in relation to property management contracts and cash remittance restrictions in certain countries. These amounts are consolidated.

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

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Cash and cash equivalents	**122.2**	92.8	**70.9**	21.2
Bank overdrafts (Note 23)	**–**	(0.1)	**–**	–
	122.2	92.7	**70.9**	21.2
Cash and cash equivalents are denominated in the following currencies:				
Sterling	**31.0**	15.7	**70.9**	21.2
Euro	**6.4**	3.5	**–**	–
Hong Kong dollar	**36.9**	36.8	**–**	–
Singapore dollar	**3.1**	6.6	**–**	–
Australian dollar	**7.1**	4.4	**–**	–
Chinese renminbi	**21.4**	14.8	**–**	–
South Korean won	**3.5**	2.3	**–**	–
Japanese yen	**6.4**	2.7	**–**	–
US dollar	**2.3**	1.2	**–**	–
Other currencies*	**4.1**	4.8	**–**	–
	122.2	92.8	**70.9**	21.2

* Other currencies include New Taiwan dollar, Macau pataca, Thai baht, Vietnamese dong, New Zealand dollar, Polish zloty and Swedish krona.

21. Trade and other payables – current

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Deferred consideration	**0.5**	0.6	**–**	–
Trade payables	**33.5**	43.0	**0.3**	2.4
Amounts owed to subsidiary undertakings	**–**	–	**0.9**	0.8
Other taxation and social security	**35.3**	30.5	**7.4**	5.9
Other payables	**11.0**	9.0	**–**	–
Accruals and deferred income*	**186.0**	153.7	**10.5**	7.2
	266.3	236.8	**19.1**	16.3

* Includes accruals for profit shares.

The carrying value of trade and other payables is approximate to their fair value.

Amounts due to subsidiary undertakings are unsecured, interest free and repayable on demand.

22. Trade and other payables – non-current

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Deferred consideration	–	0.4	–	–
Other payables	0.2	0.2	–	–
Amounts owed to subsidiary undertakings	–	–	7.0	6.1
	0.2	0.6	7.0	6.1

23. Borrowings

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Current				
Bank overdrafts	–	0.1	–	–
Unsecured bank loans due within one year or on demand	6.8	1.0	–	–
Finance leases	–	0.1	–	–
	6.8	1.2	–	–
Non-current				
Unsecured bank loans	3.0	–	–	–
	3.0	–	–	–

In February 2013 the Group entered into a £12.0m amortising term loan to finance the fit out costs for the Group's new head office. Interest is fixed at 2.7% via an interest rate swap until maturity date. The loan is repaid in equal quarterly instalments until May 2015. At 31 December 2013, £9.0m was outstanding with £6.0m due within one year.

In October 2013 Savills (Aust) Pty Limited borrowed £1.2m as a working capital loan. The borrowings are denominated in Australian dollars and have an effective interest rate of 5.3%. The loan is repaid in equal monthly instalments until July 2014. At 31 December, at the year end exchange rate, £0.8m was outstanding (2012: £1.0m) and is due within one year. A similar loan entered into in October 2012 was fully repaid during the year.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting date are:

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Less than 1 year	6.8	1.2	–	–
Between 1 and 2 years	3.0	–	–	–
	9.8	1.2	–	–

The maturity of non-current borrowings is as follows:

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Between 1 and 2 years	3.0	–	–	–
	3.0	–	–	–

The effective interest rates at the reporting date were as follows:

	Group	
	2013 £m	2012 £m
Bank overdraft	–	6.75%
Bank loans	2.91%	6.28%
Finance leases	–	9.72%

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

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group		Company	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Sterling	**9.0**	–	**–**	–
Australian dollar	**0.8**	1.1	**–**	–
Thai baht	**–**	0.1	**–**	–
	9.8	1.2	**–**	–
The Group has the following undrawn borrowing facilities:				
Floating rate – expiring within 1 year or on demand	**20.5**	21.3	**–**	–
Floating rate – expiring between 1 and 5 years	**90.0**	65.0	**–**	–

In December 2013 the Group's £65.0m multi-currency revolving credit facility was cancelled and replaced with a new £90.0m multi-currency revolving credit facility, which expires in June 2017. As at 31 December 2013 this facility was undrawn.

24. Derivative financial instruments

	Group		Company	
2013	**Assets £m**	**Liabilities £m**	**Assets £m**	**Liabilities £m**
Forward foreign exchange contracts – at fair value	**0.1**	**–**	**–**	**–**

	Group		Company	
2012	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Forward foreign exchange contracts – at fair value	–	0.1	–	–

Forward foreign exchange contracts

The gross notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2013 were £7.0m (2012: £7.8m). All contracts mature within one year and are classed as current.

Gains and losses on forward foreign exchange contracts are recognised in net foreign exchange gains and losses in the income statement.

25(a). Provisions for other liabilities and charges

	Professional indemnity claims £m	**Dilapidation provisions £m**	**Onerous leases £m**	**Restructuring provision £m**	**Group Total £m**	**Company £m**
At 1 January 2013	**19.0**	**2.8**	**3.4**	**0.4**	**25.6**	**1.3**
Provided during the year	**8.9**	**1.0**	**0.5**	**0.7**	**11.1**	**–**
Utilised during the year	**(6.6)**	**(0.3)**	**(1.2)**	**(0.3)**	**(8.4)**	**–**
Released during the year	**(1.2)**	**–**	**(0.5)**	**–**	**(1.7)**	**(0.1)**
Total	**20.1**	**3.5**	**2.2**	**0.8**	**26.6**	**1.2**
Less non-current portion	**11.8**	**2.3**	**1.6**	**–**	**15.7**	**1.2**
Current portion	**8.3**	**1.2**	**0.6**	**0.8**	**10.9**	**–**

2012	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group Total £m	Company £m
Current	5.3	1.1	1.1	0.4	7.9	0.1
Non-current	13.7	1.7	2.3	–	17.7	1.2
Total	19.0	2.8	3.4	0.4	25.6	1.3

Professional indemnity claims

These arise from various legal actions, proceedings and other claims that are pending against the Group and are based on reasonable estimates, taking into account the opinions of legal counsel. The nature of the amounts provided in respect of legal actions, proceedings and other claims is such that the extent and timing of cash flows can be difficult to estimate and the ultimate liability may vary from the amounts provided. The non-current portion of these provisions is expected to be utilised within the next two to five years. Included are provisions for claims relating to subsidiaries prior to their disposal.

Dilapidation provisions

The Group is required to perform dilapidation repairs and in certain instances restore properties to agreed specifications prior to the properties being vacated at the end of their lease term. These amounts are based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows given that these are subject to repair and restoration cost price fluctuations and the extent of repairs to be completed. The majority of the non-current portion of these provisions is expected to be utilised within the next two to six years.

Onerous leases

A provision is recognised where the costs of meeting the obligations under a lease contract exceed the economic benefits expected to be received and is measured as the net least cost of exiting the contract, being the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it. The majority of the non-current portion of these provisions is expected to be utilised within the next two to four years.

Restructuring provision

This provision comprises termination payments to employees affected by restructuring and lease termination penalties.

25(b). Employee benefit obligations

In addition to the defined benefit obligation pension scheme disclosed in Note 10, the following are included in employee benefit obligations:

Group	Total £m
At 1 January 2013	**13.6**
Provided during the year	**7.1**
Utilised during the year	**(5.3)**
Exchange movements	**(1.2)**
At 31 December 2013	**14.2**

The above provisions relate to holiday pay and long service leave in UK, Asia Pacific and Europe. Profit shares are included within accruals (Note 21).

The Company had no employee benefit obligations at 31 December 2013 or 31 December 2012.

The above employee benefit obligations have been analysed between current and non-current as follows:

	Group	
	2013 £m	2012 £m
Current	**6.3**	5.9
Non-current	**7.9**	7.7
	14.2	13.6

26. Share capital – Group and Company

Authorised and allotted	2013 Number of shares	2012 Number of shares	2013 £m	2012 £m
Ordinary shares of 2.5p each:				
Authorised	**202,000,000**	202,000,000	**5.1**	5.1
Issued, called up and fully paid	**134,280,732**	133,342,240	**3.4**	3.3

Movement in issued, called up and fully paid share capital

	2013		2012	
	Number of shares	£m	Number of shares	£m
At 1 January	**133,342,240**	**3.3**	132,589,303	3.3
Issued to direct participants on exercise of options under the Sharesave Scheme	**243,879**	**–**	680,210	–
Issued to direct participants on exercise of options under the Executive Share Option Scheme (2001)	**694,613**	**0.1**	72,727	–
At 31 December	**134,280,732**	**3.4**	133,342,240	3.3

Each issued, called up and fully paid ordinary share of 2.5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on winding-up is entitled to participate in the assets of the Company.

As at 31 December 2013, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 5,525,661 shares (2012: 7,183,049 shares). These shares are held as 'treasury shares'. Any voting or other similar decisions relating to these shares are taken by the trustees of the EBT, who may take account of any recommendation of the Company. The EBT waives all but 0.01p per share of its dividend entitlement. For further details of the EBT refer to Note 2.

At the Annual General Meeting (AGM) held on 8 May 2013, the shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 13,347,638 of its own ordinary shares (AGM held on 9 May 2012: 13,259,678). Such authority remains valid until the conclusion of the next AGM or 1 July 2014, whichever is the earlier.

27. Share-based payment

Details of the terms of the following schemes are contained in the Remuneration report on pages 57 to 64.

27(a). Executive Share Option Scheme (2001)

The following share options have been granted under the Executive Share Option Scheme (2001) and were outstanding at 31 December 2013:

Date of grant	Exercise period	Approved/ unapproved	Exercise price	2013 Number of shares '000	2012 Number of shares '000
14 March 2005	7 years from 14 March 2008	Approved	321.3p	**–**	28
14 March 2005	7 years from 14 March 2008	Unapproved	321.3p	**–**	67
17 April 2009	7 years from 17 April 2012	Approved	288.8p	**10**	21
17 April 2009	7 years from 17 April 2012	Unapproved	288.8p	**114**	457
19 April 2010	7 years from 19 April 2013	Unapproved	341.0p	**176**	422
				300	995

A reconciliation of option movements over the year to 31 December 2013 is shown below:

	2013		2012	
	Number of shares '000	Weighted average exercise price	Number of shares '000	Weighted average exercise price
Outstanding at 1 January	**995**	**314.0p**	1,068	312.3p
Exercised	**(695)**	**311.7p**	(73)	288.8p
Outstanding at 31 December	**300**	**319.3p**	995	314.0p
Exercisable at 31 December	**300**	**319.3p**	573	294.1p

The weighted average share price on the date of exercise during the year was 566.3p (2012: 461.0p) and total consideration of £2.2m (2012: £0.2m) was received.

The weighted average remaining contractual life of share options outstanding at 31 December 2013 is 5.9 years (2012: 6.3 years).

27(b). Sharesave Scheme

During the year 243,879 shares (2012: 680,210 shares) were allotted directly to participants on the exercise of options under the Sharesave Scheme, for consideration of £0.7m (2012: £1.8m). The following table shows the options remaining outstanding as at 31 December 2013:

Date of grant	Exercise price	Exercise period	**2013 Number of shares ’000**	2012 Number of shares ’000
29 October 2009	267.0p	01.12.12 – 01.06.13	**–**	245
			–	245

A reconciliation of option movements over the year to 31 December 2013 is shown below:

	2013		2012	
	Number of shares ’000	**Weighted average exercise price**	Number of shares ’000	Weighted average exercise price
Outstanding at 1 January	**245**	**267.0p**	976	267.0p
Lapsed	**(1)**	**267.0p**	(51)	267.0p
Exercised	**(244)**	**267.0p**	(680)	267.0p
Outstanding at 31 December	**–**	**–**	245	267.0p
Exercisable at 31 December	**–**	**–**	245	267.0p

The weighted average share price on the date of exercise during the year was 615.8p (2012: 445.5p) and the weighted average remaining contractual life of share options outstanding at 31 December 2013 is nil years (2012: 0.4 years).

27(c). Deferred Share Bonus Plan

The following awards of deferred shares, without exercise price, have been granted under the Deferred Share Bonus Plan (the ‘DSBP’) and were outstanding at 31 December 2013:

Date of award	Deferred period	Vesting date	**2013 Number of shares ’000**	2012 Number of shares ’000
17 March 2008	5 years	17 March 2013	**–**	1,128
17 April 2009	5 years	17 April 2014	**494**	505
13 April 2010	3 years	13 April 2013	**–**	446
13 April 2010	5 years	13 April 2015	**40**	49
30 March 2011	3 years	30 March 2014	**710**	719
30 March 2011	5 years	30 March 2016	**571**	599
19 April 2012	3 years	19 April 2015	**419**	422
19 April 2012	5 years	19 April 2017	**324**	345
11 April 2013	3 years	11 April 2016	**202**	–
11 April 2013	4 years	11 April 2017	**274**	–
11 April 2013	5 years	11 April 2018	**8**	–
18 June 2013	3 years	18 June 2016	**326**	–
			3,368	4,213

As at 31 December 2013, 289 (2012: 327) individuals held outstanding awards under the DSBP. Awards made under the DSBP from 2006 onwards are subject to rolled-up dividends whereby the number of shares awarded will be increased on the vesting date to reflect dividends paid to shareholders throughout the deferred period.

A reconciliation of award movements over the year to 31 December 2013 is shown below:

	2013 Number of shares '000	2013 Weighted average share price at date of exercise	2012 Number of shares '000	2012 Weighted average share price at date of exercise
Outstanding at 1 January	**4,213**	**–**	4,968	–
Granted	**831**	**–**	773	–
Forfeited	**(91)**	**–**	(133)	–
Exercised	**(1,585)**	**582.6p**	(1,395)	360.7p
Outstanding at 31 December	**3,368**	**–**	4,213	–
Exercisable at 31 December	**–**	**–**	–	–

The weighted average exercise price for awards granted under this scheme is £nil (2012: £nil). No awards were exercisable under this scheme as at 31 December 2013 (31 December 2012: nil).

The weighted average remaining contractual life of share options outstanding at 31 December 2013 is 1.6 years (2012: 2.3 years).

27(d). Deferred Share Plan

The following awards of deferred shares, without exercise price, have been granted under the Deferred Share Plan (the 'DSP') and remained outstanding at 31 December 2013:

Date of grant	Deferred period	Vesting date	2013 Number of shares '000	2012 Number of shares '000
17 March 2008	5 years	17 March 2013	**–**	30
10 September 2009	5 years	10 September 2014	**6**	6
13 April 2010	3 years	13 April 2013	**–**	1,225
13 April 2010	4 years	13 April 2014	**331**	338
13 April 2010	5 years	13 April 2015	**1,412**	1,458
8 September 2010	3 years	8 September 2013	**–**	297
30 March 2011	3 years	30 March 2014	**643**	656
30 March 2011	4 years	30 March 2015	**362**	362
30 March 2011	5 years	30 March 2016	**348**	357
27 September 2011	3 years	27 September 2014	**110**	113
27 September 2011	5 years	27 September 2016	**43**	43
19 April 2012	3 years	19 April 2015	**508**	512
19 April 2012	4 years	19 April 2016	**6**	6
19 April 2012	5 years	19 April 2017	**21**	21
13 September 2012	3 years	13 September 2015	**112**	112
13 September 2012	5 years	13 September 2017	**12**	12
11 April 2013	3 years	11 April 2016	**75**	–
11 April 2013	4 years	11 April 2017	**632**	–
11 April 2013	5 years	11 April 2018	**52**	–
26 June 2013	3 years	26 June 2016	**10**	–
26 June 2013	5 years	26 June 2018	**33**	–
19 September 2013	3 years	19 September 2016	**78**	–
19 September 2013	4 years	19 September 2017	**13**	–
19 September 2013	5 years	19 September 2018	**2**	–
			4,809	5,548

As at 31 December 2013, 246 individuals (2012: 271) held outstanding awards under the DSP. Awards made under the DSP are subject to rolled-up dividends whereby the number of shares awarded will be increased on the vesting date to reflect dividends paid to shareholders during the deferred period.

A reconciliation of award movements over the year to 31 December 2013 is shown below:

	2013 Number of shares '000	2013 Weighted average share price at date of exercise	2012 Number of shares '000	2012 Weighted average share price at date of exercise
Outstanding at 1 January	**5,548**	**–**	5,781	–
Granted	**909**	**–**	664	–
Forfeited	**(115)**	**–**	(111)	–
Exercised	**(1,533)**	**546.5p**	(786)	359.6p
Outstanding at 31 December	**4,809**	**–**	5,548	–
Exercisable at 31 December	**–**	**–**	–	–

The weighted average exercise price for awards granted under this scheme is £nil (2012: £nil). No awards were exercisable under this scheme as at 31 December 2013 (31 December 2012: nil).

The weighted average remaining contractual life of share options outstanding at 31 December 2013 is 1.5 years (2012: 1.6 years).

27(e). Performance Share Plan

The following awards of deferred shares, without exercise price, have been granted under the Performance Share Plan (the 'PSP') and were outstanding at 31 December 2013:

Date of award	Vesting date	Approved/ unapproved	2013 Number of shares '000	2012 Number of shares '000
27 May 2011	27 May 2014		**552**	552
17 April 2012	17 April 2015	Approved	**34**	34
17 April 2012	17 April 2015	Unapproved	**621**	621
			1,207	1,207

As at 31 December 2013, 9 individuals (2012: 9) held outstanding awards under the PSP. Awards made under the PSP are subject to rolled-up dividends whereby the number of shares awarded will be increased on the vesting date to reflect dividends paid to shareholders during the deferred period.

A reconciliation of award movements over the year to 31 December 2013 is shown below:

	2013 Number of shares '000	2013 Weighted average share price at date of exercise	2012 Number of shares '000	2012 Weighted average share price at date of exercise
Outstanding at 1 January	**1,207**	**–**	552	–
Granted	**–**	**–**	655	–
Outstanding at 31 December	**1,207**	**–**	1,207	–
Exercisable at 31 December	**–**	**–**	–	–

The weighted average remaining contractual life of share options outstanding at 31 December 2013 is 0.9 years (2012: 1.9 years).

27(f). Fair value of options

Options and awards for the Sharesave Scheme, PSP and ESOS were valued at fair value using the Actuarial Binomial model of actuaries Lane Clark & Peacock LLP.

The key assumptions used in the calculation are as follows:

Risk-free rate	0.5% p.a. – 4.9% p.a. depending on grant date and expected life
Volatility	29% p.a. – 51% p.a. depending on grant date
Correlation	46% – 57% correlation for Company share price against comparator index at grant date (PSP only)
Employee turnover	Zero for ESOS and PSP, 2.5% p.a. for Sharesave
Early exercise	50% of employees exercise early when options and awards are 20% in the money (ESOS and SAYE)
Performance criteria	All vest after three years (only relevant for ESOS)

The expected volatility is measured over the three years prior to the date of grant to match the vesting period of the award. The risk free rate is the yield on a zero coupon UK Government bond at each grant date, with term based on the expected life of the option or award.

Fair value of options and awards at grant dates are:

Grant	Grant date	Fair value pence
DSBP 2008	17 March 2008	328.3
DSBP 2009	17 April 2009	288.9
DSBP 2010	13 April 2010	340.2
DSBP 2011	30 March 2011	363.2
DSBP 2012	19 April 2012	350.6
DSBP 2013	11 April 2013	510.0
DSBP 2013	18 June 2013	600.0
Sharesave 2009	29 October 2009	129.9
DSP 2008	17 March 2008	328.3
DSP 2009	10 September 2009	351.9
DSP 2010	13 April 2010	340.2
DSP 2010	8 September 2010	317.0
DSP 2011	30 March 2011	363.2
DSP 2011	27 September 2011	300.0
DSP 2012	19 April 2012	350.6
DSP 2012	13 September 2012	411.6
DSP 2013	11 April 2013	510.0
DSP 2013	26 June 2013	549.5
DSP 2013	19 September 2013	597.5
ESOS 2005	14 March 2005	102.8
ESOS 2009	17 April 2009	136.8
ESOS 2010	17 April 2010	150.3
PSP 2011	27 May 2011	313.0
PSP 2012	17 April 2012	244.3

The total charge for the year relating to employee share-based payments plans was £10.4m (2012: £10.4m), all of which related to equity-settled share-based payment transactions.

28. Retained earnings and other reserves

Group	Share-based payments reserve £m	Treasury shares £m	Profit and loss account* £m	Total retained earnings* £m	Capital redemption reserve £m	Foreign exchange reserve £m	Revaluation reserve £m	Total other reserves £m
Balance at 1 January 2013	**25.2**	**(23.6)**	**119.5**	**121.1**	**0.3**	**20.2**	**0.3**	**20.8**
Profit attributable to owners of the Company	**–**	**–**	**50.8**	**50.8**	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**8.5**	**8.5**	**–**	**(5.0)**	**1.6**	**(3.4)**
Employee share option scheme:								
– Value of services provided	**10.4**	**–**	**–**	**10.4**	**–**	**–**	**–**	**–**
– Exercise of options	**(11.6)**	**6.6**	**5.0**	**–**	**–**	**–**	**–**	**–**
Purchase of treasury shares	**–**	**(2.2)**	**–**	**(2.2)**	**–**	**–**	**–**	**–**
Cash settled share based payments	**–**	**–**	**(7.3)**	**(7.3)**	**–**	**–**	**–**	**–**
Disposal of available-for-sale investments (net of tax)	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Dividends	**–**	**–**	**(20.6)**	**(20.6)**	**–**	**–**	**–**	**–**
Transactions with non-controlling interests	**–**	**–**	**(1.3)**	**(1.3)**	**–**	**–**	**–**	**–**
Balance at 31 December 2013	**24.0**	**(19.2)**	**154.6**	**159.4**	**0.3**	**14.9**	**1.9**	**17.1**
Balance at 1 January 2012	24.1	(30.1)	99.4	93.4	0.3	23.8	(0.5)	23.6
Profit attributable to owners of the Company (restated)	–	–	36.8	36.8	–	–	–	–
Other comprehensive income (restated)	–	–	3.2	3.2	–	(3.6)	0.8	(2.8)
Employee share option scheme:								
– Value of services provided	10.4	–	–	10.4	–	–	–	–
– Exercise of options	(9.3)	8.1	1.2	–	–	–	–	–
Purchase of treasury shares	–	(1.6)	–	(1.6)	–	–	–	–
Dividends	–	–	(16.9)	(16.9)	–	–	–	–
Transactions with non-controlling interests	–	–	(4.2)	(4.2)	–	–	–	–
Balance at 31 December 2012	25.2	(23.6)	119.5	121.1	0.3	20.2	0.3	20.8

* Included within Profit and loss account is tax on items taken directly to equity (Note 12) as disclosed above.

29. Contingent liabilities

In common with comparable professional services businesses, the Group is involved in a number of disputes in the ordinary course of business. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The Group carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Group.

30. Operating lease commitments – minimum lease payments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Amounts due within:				
Within 1 year	**21.2**	21.8	**0.6**	–
Between 1 to 5 years	**72.2**	67.8	**31.4**	16.8
After 5 years	**127.8**	143.9	**109.7**	121.1
	221.2	233.5	**141.7**	137.9

Significant operating leases relate to the various property leases for Savills offices in the United Kingdom, Europe and Asia Pacific. There are no significant non-cancellable subleases.

31. Capital commitments

	Group		Company	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Contracts placed for future expenditure not provided for in the financial statements	**–**	7.1	**–**	7.1

Capital commitments of £7.1m as at 31 December 2012 reflected contracts placed for the fit out of the Group's new head office at 33 Margaret Street, London, which was completed during 2013.

32. Cash generated from/(used in) operations

	Group		Company	
	2013 £m	2012 (restated) £m	**2013 £m**	2012 (restated) £m
Profit/(loss) for the year	**51.4**	37.1	**44.6**	(0.8)
Adjustments for:				
Income tax (Note 12)	**18.7**	14.9	**(3.4)**	(2.8)
Depreciation (Note 16)	**7.6**	7.2	**0.9**	0.8
Amortisation of intangible assets (Note 15)	**3.9**	3.7	**0.5**	0.5
Loss on sale of property, plant and equipment	**0.4**	0.1	**–**	–
Loss/(profit) on disposal of available-for-sale investment (Note 17(b))	**0.3**	(1.7)	**–**	–
Net finance cost/(income) (Note 11)	**0.6**	1.3	**(0.9)**	(1.5)
Share of post-tax profit from joint ventures and associates (Note 17(a))	**(7.2)**	(7.1)	**–**	–
Decrease in employee and retirement obligations	**(7.4)**	(7.4)	**(0.5)**	(0.3)
Exchange movement on operating activities	**0.4**	(0.1)	**(0.2)**	0.2
Increase/(decrease) in provisions	**1.1**	5.1	**(0.1)**	–
Impairment of available-for-sale investment included within operating income	**–**	1.2	**–**	–
Charge for share-based compensation (Note 27(f))	**10.4**	10.4	**2.3**	2.1
Exercise of share options	**–**	–	**(4.9)**	(8.0)
Operating cash flows before movements in working capital	**80.2**	64.7	**38.3**	(9.8)
(Increase)/decrease in work in progress	**(0.3)**	1.2	**–**	–
(Increase)/decrease in trade and other receivables	**(23.7)**	(31.3)	**(0.8)**	1.5
Increase in trade and other payables	**29.8**	36.9	**2.8**	4.5
Cash generated from/(used in) operations	**86.0**	71.5	**40.3**	(3.8)

33. Analysis of cash net of debt

2013	**At 1 January £m**	**Cash flows £m**	**Exchange movement £m**	**At 31 December £m**
Cash and cash equivalents	**92.8**	**32.2**	**(2.8)**	**122.2**
Bank overdrafts	**(0.1)**	**0.1**	**–**	**–**
	92.7	**32.3**	**(2.8)**	**122.2**
Bank loans	**(1.0)**	**(8.8)**	**–**	**(9.8)**
Finance leases	**(0.1)**	**0.1**	**–**	**–**
Cash and cash equivalents net of debt	**91.6**	**23.6**	**(2.8)**	**112.4**

2012	At 1 January £m	Cash flows £m	Exchange movement £m	At 31 December £m
Cash and cash equivalents	80.0	14.4	(1.6)	92.8
Bank overdrafts	(1.2)	1.0	0.1	(0.1)
	78.8	15.4	(1.5)	92.7
Bank loans	(5.0)	3.8	0.2	(1.0)
Finance leases	(0.2)	0.1	–	(0.1)
Cash and cash equivalents net of debt	73.6	19.3	(1.3)	91.6

34. Related party transactions

There were no significant related party transactions during the year. All related party transactions take place on an arm's length basis under the same terms as those available to other customers in the ordinary course of business.

Loans to related parties

Loans to associates and joint ventures are disclosed in Note 17(a).

Company transactions

The Company provided corporate function services to its subsidiaries at an arm's-length value of £13.5m (2012: £12.5m).

Dividends of £50.0m were received from subsidiaries during the year (2012: £nil). Amounts outstanding to and from subsidiaries as at 31 December 2013 are disclosed in Notes 19, 21 and 22.

35. Events after the balance sheet date

Pinnacle Regeneration Group Limited

On 2 January 2014, the Group sold its 3.03% holding in Pinnacle Regeneration Group Limited for cash consideration of £2.4m. The profit on disposal is £1.7m.

Shareholder information

Key dates for 2014	Date
Annual General Meeting	12 May
Financial half year end	30 June
Announcement of half year results	August

Website
Visit our investor relations website www.savills.com for full up to date investor relations information, including the latest share price, recent annual and half year reports, results presentations and financial news.

Shareholder enquiries
For shareholder enquiries please contact our Registrars, Equiniti. For general enquiries please call our Shareholder Services helpline on: 0871 384 2018 (overseas holders need to ring +44 (0)121 415 7047). Calls to Equiniti's 0871 numbers are charged at 8p per minute plus network extras. Other network service providers' costs may vary. Lines are open from 8.30am to 5.30pm, Monday to Friday, excluding bank holidays. For further administrative queries in respect of your shareholding please access our Registrars' website at www.shareview.co.uk

Electronic communications
If you would prefer to receive shareholder communications electronically in future, including your annual and half-yearly reports and notices of meetings, please visit our Registrars' website, www.shareview.co.uk and follow the link to 'Sign up for paper-free communications'.

Half Year Report
Like many other listed public companies, we no longer circulate printed Half Year reports to shareholders. Rather, Half Year results' statements are published on the Company's website. We believe that this is of benefit to those shareholders who do not wish to be burdened with such paper documents, and to the Company, as it is consistent with our target of saving printing and distribution costs.

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Shareholder information
continued

Warning about unsolicited investment contacts
Share fraud includes scams where investors are contacted unexpectedly and offered shares that often turn out to be worthless or non-existent or offered an inflated price for shares they own. These calls come from fraudsters operating in ‘boiler rooms’ that are mostly based abroad.

Shareholders who buy or sell their shares in this way usually lose their money. The Financial Conduct Authority (‘FCA’) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

Protect yourself – if you are offered discounted shares, unsolicited investment advice, an inflated price for your shares or free company or research reports, you should take precautionary measures before handing over your money.

1. Get the name of the person and organisation contacting you.
2. Check the Financial Services Register at www.fca.org.uk/register to ensure that they are authorised.
3. Contact the firm using the details on the Financial Services Register. If there are no details or you are told they are out of date, contact FCA Helpline on 0800 111 6768 or fill out a share fraud reporting form which can be found on the FCA website.
4. Search the list of unauthorised firms and individuals to avoid at www.fca.org.uk/scams and remember: if it sounds too good to be true, it probably is!

If you have already paid money to share fraudsters you should inform the FCA by calling its Helpline 0800 111 6768 or by calling Action Fraud on 0300 123 2040.

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme if things go wrong.

Cautionary note regarding forward-looking statements
Certain statements included in this Annual Report are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company’s expectations. Forward-looking statements can be identified by the use of relevant terminology including the words: ‘believes’, ‘estimates’, ‘anticipates’, ‘expects’, ‘intends’, ‘forecasts’, ‘plans’, ‘goal’, ‘target’, ‘aim’, ‘may’, ‘will’, ‘would’, ‘could’ or ‘should’ or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations and those of our Officers, Directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses we operate.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to:

– Global economic business conditions;
– Monetary and interest rate policies;
– Foreign currency exchange rates;
– Equity and property prices;
– The impact of competition, inflation;
– Changes to regulations, taxes;
– Changes to consumer saving and spending habits; and
– Our success in managing the above factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements which speak only at their respective dates.

The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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