
savills
Report
and
Accounts
2014

Contents

What we do

Savills is a global real estate services provider listed on the London Stock Exchange. We now have an international network of over 600 offices and associates and over 27,000 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.

Our services

Transaction Advisory
The Transaction Advisory business stream comprises commercial, residential, leisure and agricultural leasing, tenant representation and investment advice on purchases and sales. See page 28

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 30

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 30

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 31

Group highlights

Revenue **£1,078.2m** (2013: £904.8m)	**Statutory profit after tax** **£62.7m** (2013: £51.4m)	**Geographical spread (% non-uk)** **52%** (2013: 49%)	**Property under management (sq ft)** **2.1bn** (2013: 2.0bn)
Underlying profit* **£100.5m** (2013: £75.2m)	**Operating cash generation** **£96.1m** (2013: £70.8m)	**Breadth of service (% non-transactional income)** **54%** (2013: 60%)	
Underlying profit margin **9.3%** (2013: 8.3%)	**Underlying earnings per share** **55.2p** (2013: 43.1p)	**Assets under management** **€7.2bn** (2013: €5.1bn)	* 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, restructuring costs and acquisition related costs (refer to Note 2 to the financial statements)

Successful implementation of our US growth strategy and improved business activity in many of our key markets resulted in record revenue and profits in 2014

Results
The Group's underlying profit for the year increased by 34% to £100.5m (2013: £75.2m), on revenue which improved by 19% to £1,078.2m (2013: £904.8m). The Group's statutory profit before tax increased by 21% to £84.7m (2013: £70.1m).

Overview
With investors globally seeking secure income in a historically low interest rate environment, the proportion of investment portfolios allocated to real estate investment has continued to grow. 2014 demonstrated the importance of Savills strengths in the prime markets of many of the world's key cities. Furthermore, the development of our US growth strategy, through the acquisition of Studley, Inc. in May 2014, enhanced our position in that market and specifically in transaction advice to occupiers.

Our Transaction Advisory revenue grew by 38%, our Consultancy business revenue by 13% and our Property Management revenue by 3%. Many of the principal commercial markets in which we operate experienced an exceptionally strong finish to the year, including record performances in the UK and Asia and a return to profit in Continental Europe. Our Residential business benefited from a resilient market in Prime Central London and improved market conditions in the UK regions. In Asia, the size and stability of our Property Management business, a record performance in Japan and strong growth in Taiwan and Australia collectively helped to mitigate the effect of subdued investment markets in Hong Kong, Singapore and mainland China.

In Continental Europe, improved market conditions benefited our predominantly transaction orientated businesses with revenue increasing by 19% and a return to profit for the first time since before the financial crisis. Cordea Savills, the Group's Investment Management business, delivered an improved performance across its European platform increasing Assets Under Management ('AUM') by 41% and attracting some high quality fund inflows, which drove an increase in revenue and profits.

The Board's ongoing focus on improving margin continued to drive an increase in profitability, with the Group's underlying profit margin advancing to 9.3% from 8.3% in 2013. Considerable performance improvement in the broader UK market, together with elimination of losses in Continental Europe and the contribution of Savills Studley in the US, represented the principal contributors to that increase.

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 our experts on the ground 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.

In light of the increasing internationalisation of both occupier and investment markets, during the past few years, the Board has devoted considerable time to appraising the most appropriate route to build Savills position in the strategically important US market. Having concluded that the acquisition of an appropriately positioned business was the ideal route, we entered discussions with Studley, Inc. in early 2013 and were delighted to announce the completion of the acquisition on 30 May 2014.

In the first seven months under Savills ownership, Studley, Inc. has performed exceptionally well in some of the most globally important cities in the US and the way in which our people around the world have come together has exceeded our expectations.

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 acquisition of Merchant Capital KK, a small investment management firm in Tokyo with approximately £250m AUM. We continue to evaluate opportunities to grow this important business line.

Board
Due to other commitments, Clare Hollingsworth retired from the Board on 12 May 2014. 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.

On 24 June 2014 Liz Hewitt joined the Board as an independent Non-Executive Director.

Dividends
An initial interim dividend of 3.75p per share (2013: 3.5p) amounting to £4.9m was paid on 13 October 2014, and a final ordinary dividend of 7.25p (2013: 7.0p) is recommended, making the ordinary dividend 11.0p for the year (2013: 10.5p). In addition, a supplemental interim dividend of 12.0p (2013: 8.5p) 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 23.0p per share, representing an increase of 21% on the 2013 aggregate dividend of 19.0p. The final ordinary dividend of 7.25p per ordinary share will, subject to shareholders' approval at the Annual General Meeting on 13 May 2015, be paid alongside the supplemental interim dividend of 12.0p per share on 18 May 2015 to shareholders on the register at 17 April 2015.

People
On behalf of the Board, I wish to express my thanks to all our staff worldwide for their hard work, commitment and continued focus on client service, enabling the Group to deliver a very strong performance in 2014.

Outlook
We have made a solid start to 2015 with performance in line with management expectations. We retain a cautious view on the timing of the recovery in the Hong Kong commercial market and expect the UK residential market to remain subdued as a result of uncertainty around the General Election. We expect that these factors will lead to a greater than usual weighting of our performance towards the second half of the year. However, the strength of our enhanced US operation, the scope of our UK business and the breadth of our Asia Pacific coverage together with further improvement in Continental Europe, all position Savills well for the future.

Peter Smith
Chairman

Recovery in Continental Europe and the development of our US platform, through the acquisition of Studley, Inc., together with our core strengths in the UK and Asia, enabled the power of the Savills network and brand to drive the improved results of 2014

Jeremy Helsby
Group Chief Executive

Our strategy

Our strategy is to deliver value as a leading advisor 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

- Acquisition of Studley, Inc. in May 2014 transformed Savills US capability and the business has traded strongly since acquisition
- Transaction Advisory revenues up 38% driven by the contribution from Savills Studley in the US, the recovery in certain Continental European markets, a record constant currency performance in Asia and a strong performance in the UK
- Record revenue in the UK on the back of a strong London performance and recovery in the regions
- Return to profitability in Continental Europe following improved markets conditions and the benefit from the management actions taken in recent years
- Further growth from non-transactional services with Consultancy revenue up 13% and Property Management revenue up 3% with improved margins
- Cordea Savills investment management business grew revenue 8% and profits by 52%. Assets under Management (AUM) rose by 41% to €7.2bn

The strength of our key commercial market positions and the resilience of our residential businesses drove an improved performance for Savills in 2014.

As anticipated, we experienced a quieter market in mainland China, Hong Kong and Singapore but improved trading conditions elsewhere in Asia, particularly Japan, counter-balanced the shortfall.

Our business in Asia Pacific and UK regions achieved record years. The US business, enhanced by the Studley, Inc acquisition, saw a significant improvement and it has a strong pipeline going into 2015. Cordea Savills continued to grow and this was reflected in underlying profit growth of over 50%. Continued recovery in Continental Europe saw the business return to profit. Overall the Group increased underlying profit by 34% to £100.5m (2013: £75.2m).

On a statutory basis, profit before tax increased 21% to £84.7m (2013: £70.1m).

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		
	2014	2013	% growth	**2014**	2013	% growth
UK	**514.4**	462.3	11	**67.0**	55.3	21
Asia Pacific	**355.0**	354.4	0	**34.7**	35.5	(2)
Continental Europe	**96.5**	81.3	19	**0.1**	(3.9)	n/a
United States	**112.3**	6.8	n/a	**12.4**	(1.6)	n/a
Unallocated Cost	**n/a**	n/a	n/a	**(13.7)**	(10.1)	(36)
Total	**1,078.2**	904.8	19	**100.5**	75.2	34

Our Asia Pacific business represented 33% of Group revenue (2013: 39%) and our overseas businesses as a whole represented 52% of Group revenue (2013: 49%), reflecting the contribution from Savills Studley in the US. Our performance by service line is set out below:

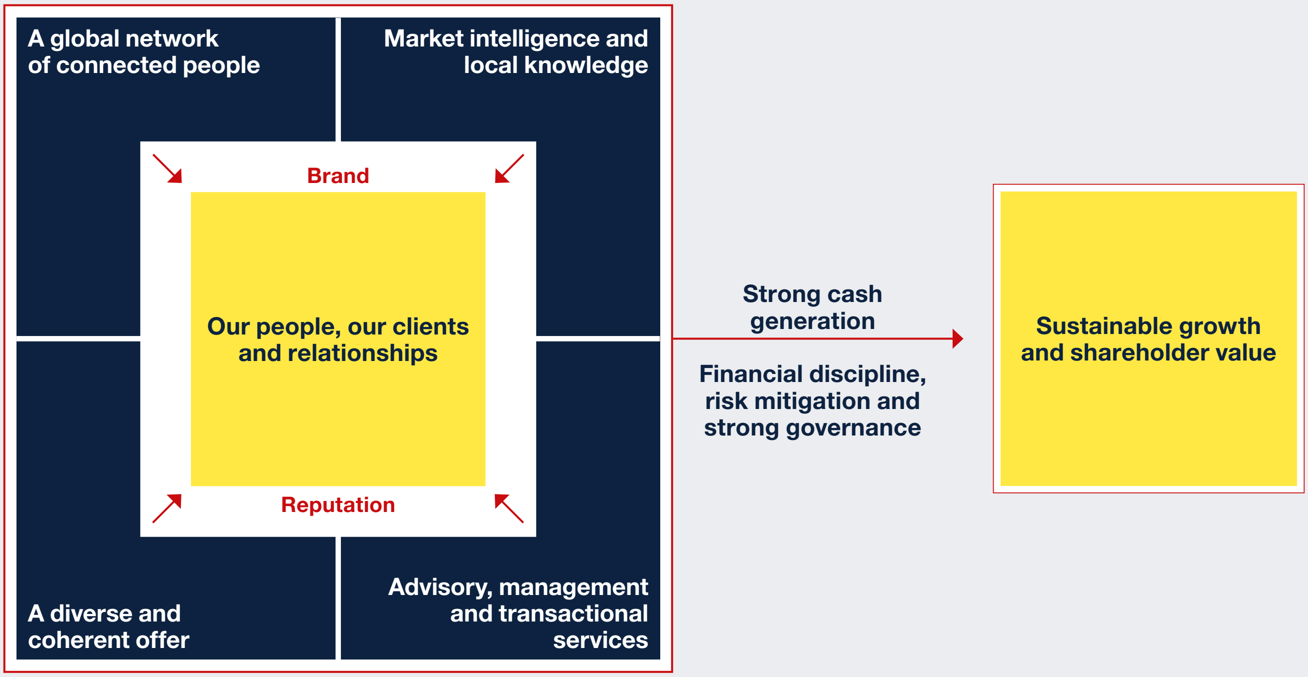
	Revenue £m			Underlying Profit/(Loss) £m		
	2014	2013	% growth	**2014**	2013	% growth
Transaction Advisory	**494.6**	358.2	38	**67.8**	47.2	44
Property Management	**338.6**	329.0	3	**18.6**	17.6	6
Consultancy	**217.0**	191.6	13	**23.4**	17.6	33
Investment Management	**28.0**	26.0	8	**4.4**	2.9	52
Unallocated Cost	**n/a**	n/a	n/a	**(13.7)**	(10.1)	(36)
Total	**1,078.2**	904.8	19	**100.5**	75.2	34

Overall our Prime Commercial and Residential Transaction business revenues together represented 46% of Group revenue (2013: 40%). Of this, the Residential Transaction Advisory business represented 14% of Group revenue for the year (2013: 16%). Our Property and Facilities Management businesses continued to perform well, growing overall revenue by 3% despite the adverse impact of currency translation on our substantial business in Asia Pacific. The business represented 31% of revenue (2013: 36%). Consultancy remained proportionately constant at 20% of revenue but substantially increased profits by 33%. The Investment Management business showed 52% growth in profit and substantial AUM growth of 41%.

People

I am delighted that the UK commercial property management business won the Retail Agency of the Year. Savills was named the Property Industry Superbrand of the Year for the sixth consecutive year and we were awarded the Times Graduate Employer of Choice in the property industry for the eighth year running. Also in the UK our Residential business was awarded both the National Residential Agency Adviser and the Residential Consultancy Practice awards. In Asia, we won a large number of accolades from the industry including Best Real Estate Agency awards in China and Vietnam and Best Property Consultancy Marketing in Singapore. 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 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 46% 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 35 to 48.

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 27,000 staff with a broad range of experience, skills and local knowledge, based in offices in key real estate locations across the globe and benefit from our extensive market research material.

We estimate that the value of all world real estate totals around US$180 trillion.

Most of this is directly owned residential property and most of that (72%) is owner occupied. About 17% of it is commercial property. Investable commercial property totals around US$20 trillion, of which about half is owned by private individuals, either directly or indirectly, and the remainder by corporate and institutional investors.

At the core of this privately owned real estate is directly owned property holdings, held individually rather than through other investment structures. Most direct real estate holdings owned by the world's 200,000 private, ultra-high-net-worth individuals (UHNWIs) are in residential property, while commercial properties tend to be held non-directly, in corporate or other investing entities. Accounting for just 0.003% of the world's population, the real estate holdings of these UHNWIs together total over US$5 trillion, or around 3% of all the world's real estate value.

Strong capital value growth was undoubtedly the key theme of 2014, with growth across all sectors stronger than forecast at the beginning of the year. Highlights from key markets in which we operate, chosen to give context to our business model and corporate strategy are on pages 7 to 27.

Our markets

	1. United Kingdom	2. Asia Pacific	3. Continental Europe	4. United States
Revenue	£514.4m (2013: £462.3m)	£355.0m (2013: £354.4m)	£96.5m (2013: £81.3m)	£112.3m (2013: £6.8m)
Total staff	3,962 (2013: 3,718)	22,669 (2013: 21,691)	831 (2013: 845)	364 (2013: 33)
Offices	104 (2013: 95)	47 (2013: 44)	30 (2013: 30)	26 (2013: 4)

United Kingdom & Ireland

London's office markets set new records in 2014, with £20.9bn ($31bn) of investment deals undertaken across central London commercial markets – figures that eclipse the volumes achieved in 2006/07. The London office investment market is especially international, with 65% of all deals coming from overseas.

Records were set in the leasing markets, too, with 8.2 million sq ft of space leased in the City of London. The technology, media and telecommunications (TMT) sector was especially active, accounting for 32% of take-up in the West End alone, significantly ahead of the five-year average of 24%.

The prime residential market across the UK saw a year of two halves in 2014. The improving economy and positive sentiment from the mainstream market helped drive demand in the first half of the year with an average price increase of 4.9% recorded in the prime markets of London and 3.1% outside the capital.

Some of this momentum was lost over the summer and in the regions prime prices remained flat in the final six months of 2014, while small falls of -2.2% were recorded in London. London commuter locations showed the highest level of growth, with prices rising by 4.6% in markets such as Esher, Rickmansworth and Loughton.

Average commercial property total return of

19.31%

recorded in 2014

Record level of leasing activity in the City of London office market, at

8.2m sq ft

UK commercial investment turnover reached

£63bn

16% up on 2013

Case study: 'The Gherkin'

Savills acting jointly with Deloitte LLP sold 30 St Mary Axe, known as 'The Gherkin' in the City of London for a sale price of £726m. The 40-storey skyscraper totals 515,000 sq ft and was designed by Lord Foster.


Prime residential
prices in London
grew by
2.6%
in 2014
Record level
of investment
transactions in
the Central London
commercial
markets, at
£20.1bn

Asia Pacific

In Japan, capital values continued to increase steadily, nonetheless, the current positive timing of the rental cycle, combined with generally conservative loan to value and the wide spread to long-term government bond yields, suggest that talk of another 2007-esque liquidity bubble was premature. In Korea, as a market which has not traditionally seen a lot of foreign investors and has a high degree of owner-occupation, Seoul was finally beginning to attract the interest of overseas funds.

In China, the commercial markets, however, remained affected by flat rents and concerns over future supply. In Australia, Sydney and Melbourne continued to benefit from growth in finance and business services while values were being supported by a weaker Australia dollar and a lack of investment grade stock.

2014 Top 5 Cross-border Capital Inflow to Asia Pacific*

Country	US$ million
Australia	7,156
Japan	5,017
China	4,514
South Korea	2,012
Hong Kong	1,086

2014 Top 5 Cross-border Capital Outflow from Asia Pacific*

Country	US$ million
China	9,907
Singapore	6,565
Hong Kong	4,626
Japan	4,090
South Korea	3,362

* Based on independent reports of properties and portfolios, $2.5m or greater

Regions

1 Australia
2 China
3 Hong Kong
4 India
5 Indonesia
6 Japan
7 Macau
8 Malaysia
9 Myanmar
10 New Zealand
11 Philippines
12 Singapore
13 South Korea
14 Taiwan
15 Thailand
16 Vietnam

Case study: T-Galleria, Okinawa Japan

Savills acted as exclusive agent in the $150m USD sale of approximately 42,088 sq m of luxury retail space located in the prime shopping district of Naha.


Cross border Capital – outflow from Asia Pacific in 2014
$36.0bn
(21.4% Growth)*
Cross border Capital – inflow into Asia Pacific in 2014
$23.5bn
(42% Growth)*

Continental Europe

Office demand in 2014 remained broadly unchanged from 2013 across Continental Europe, with what growth there was limited to the TMT sector and Business and Consumer services. Cost and space efficiency continue to drive occupier choices, with occupier demand focused on high quality, well located and energy efficient space of which there is limited availability following the consolidation and rationalisation process of the past few years. At the same time the amount of new build space coming onto the market remains very limited. Reflecting this the average prime office CBD office rent increased by 3.8%.

Against the backdrop of the challenging economic situation, the volume and value of completed transactions 2014 reached a high point in the years since 2007, with approximately €199.3bn of assets transacted, approx. 36% higher than 2013. The second half of 2014 was particularly strong, with approx €119bn transacted, which makes this the strongest half year on record (including 2007, when volumes amounted to €105bn). Offices remain the most sought after assets, accounting for 51% of investment volume. Overall, the lack of development activity and strong investor competition for good quality office space in the best locations continued to put downward pressure on yields. The average prime office CBD yield hardened by 38 bps to 4.78%.

Regions

1 Paris
2 Berlin
3 Madrid
4 Rome
5 Amsterdam
6 Prague
7 Zurich
8 Budapest
9 Milan
10 Frankfurt
11 Athens

Increase in prime office CBD rent

+3.8%

Average prime office CBD yield up 38bps to

4.78%

Case study: Art Déco Palais, Munich

Savills sold the Art Déco Palais, an office property located in the City-West in Munich for approx €160m for a private equity fund to BNP Paribas REIM Germany. The listed Art Déco Palais (built in 1924) was last refurbished in 2008/09 and offers 42,000 sq m of fully refurbished modern office space in a classic Art Déco setting. Savills was the exclusive letting agent and secured 98% occupancy for the building.


Increase in 2014 over the long-term average in the allocation of capital to property investment
41%

United States

As office-using employment reached record levels in 75% of the top US cities, only a handful of markets attained new peaks in occupancy and asking rents. This was a continuing testament to how extensively traditional space users (law firms, banks and professional/business services) as well as many of the most rapidly growing firms in tech and new media have been embracing space efficiency.

In several markets, however, strong demand on the part of tech and creative-sector companies is spilling over the traditional boundaries of 'tech submarkets.' Demand from tech and creative-sector companies in these markets is not running rampant over the entire market, as it has been in Silicon Valley and San Francisco, but it is spreading. Additionally, other sectors such as healthcare, real estate and general professional/business services have been growing moderately.

Pricing in secondary markets remained lower and yields were above those in gateway markets, such as New York, Los Angeles and Miami, which remained the preferred location of foreign and institutional investors.

Regions

1 New York
2 Chicago
3 Los Angeles
4 San Francisco
5 Philadelphia
6 Atlanta
7 Denver
8 Houston
9 San Diego
10 Boston

National Overall Rental Rate is

$32.93

per square foot

Baron Capital paid

$220

per square foot at 767 Fifth Avenue, the highest rent per sq ft in 2014

National Overall Availability Rate is

16.9%

2014 GDP growth (for full year) was

2.4%

(Q4 13-Q4 14)

Case study: Time Warner, New York

Acting upon the recommendations of a multi-year strategic planning exercise headed by Savills Studley, Time Warner sold its 1m sq ft+ headquarters in Manhattan and is consolidating its divisions from eight locations into one new development within Hudson Yards. Savills Studley is acting as broker and development advisor on the new project.


Manhattan office sales volume
$21.9bn
avg/sq ft – $716
cap rate = 4.4%
US office sales volume
$118bn
avg/sq ft – $238
cap rate = 6.8%

Investment Management

According to RCA data, global real estate investment volumes rose to around £527bn (€654bn/$868bn) in 2014, up 7% from 2013 and a post-global financial crisis high. Global cross-border acquisition activity surged more than 30% to account for around a quarter of the total; Europe was a particular focus, with the UK the biggest beneficiary. Private investors also significantly increased transaction activity and accounted for the largest proportion of global acquisition activity in 2014, at around 30%. Institutional investors also increased activity in 2014, whereas public listed companies and REITs acquired less property than the previous year.

According to Property Funds Research, 155 unlisted real estate funds were launched in 2014, raising over €90bn of equity, the lowest number since 2009. The number of global funds launched increased but the number of single-region funds launched decreased for all regions. The most prevalent type of fund launched was value-added, with 44% of the total number of funds and 41% of the total equity raised by real estate funds. Diversified funds accounted for 40% of the total equity raised by real estate funds. There was also a decline in the number of funds of funds launched.

Weight of money and improving occupier market fundamentals drove further compression in yields, driving capital values upwards. Although many investors were still focused on prime assets, they increasingly moved up the risk curve into second-tier locations and, in some markets, more opportunistic stock. This was partly due to intense competition for assets and yield compression in prime markets, but also due to broadening and strengthening property market fundamentals.

Global investment activity

£527bn

Number of unlisted real estate funds launched was

155

the lowest number since 2009

Case study: Nordic Logistics Fund

The Fund was launched in December 2014, following the off-market acquisition of a €300m logistics portfolio, located in Sweden, Norway, Denmark and Finland, on behalf of a group of German institutional investors. In the six months between the initial concept and fund launch, the deal was underwritten and structured, equity raised and €150m of debt was secured from a single bank.


Value-added unlisted real estate funds raised
41%
of the total equity raised by real estate funds

Resources and relationships

Key highlights in 2014

People.
We:
- Continued with our strategy of investing in people by introducing a new four-level leadership and management programme
- Participated in the UK Best Companies to Work for Employment Engagement survey

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
- Continuously improving our client service by promoting our client advocate roles and expanding our client care programme

Environment.
We:
- Increased the number of global offices achieving IS014001 2004 accreditation
- Maintain a BREEAM excellent rating for our UK head office
- Extended the number of our offices within the scope of our global greenhouse gas emission reporting into our environmental processes

Community.
We:
- Retained our membership of FTSE4Good, evidencing our commitment to meeting globally recognised corporate responsibility standards

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 businesses 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®

BREEAM is a registered trademark of BRE (the Building Research Establishment Ltd. Community Trade Mark E5778551). The BREEAM marks, logos and symbols are the Copyright of BRE and are reproduced by permission.

Policy

Savills is committed to being a good corporate citizen in all aspects of its operations and activities. The Company, therefore, holds itself accountable for its social, environmental and economic impacts on the people and places where it does business. We endeavour to manage these impacts in a responsible and sustainable manner. To fulfil this aim the Group actively embraces a range of policies and practices that aim to foster a positive approach towards corporate responsibility as an integral part of our day to day activities.

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 advisor 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 and our values. 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.

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.

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.

Increasing employee engagement

This year we asked our employees in the UK to participate in the Best Companies to Work for Employee Engagement survey, a people survey which allows us to measure and compare ourselves against other large organisations and helps to identify ways to improve how we do things. Over 1,000 companies and 430,000 employees participated. We have been recognised as reaching 'One Star Status', demonstrating our commitment to progressive and engaging employment practices, and in 2015 we will focus on the areas highlighted for improvement.

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.

We continue to invest significantly in the development of all our people for whom we recognise that career development and progression is very important. During 2014 we piloted a significant review of our leadership development programme. We introduced a new four-tier leadership and management programme, based on employee feedback. The new programme, which is designed for graduates through to senior leaders, is now more closely aligned to roles and responsibilities in the organisation. We encourage and support all our staff to complete their Continuous Professional Development ('CPD') and all our internal courses/programmes have CPD points associated with them. We recognise that personal development occurs in many ways and we encourage all our staff, to attend conferences, internal events, and participate in projects to supplement their CPD. All of this is supported by a dedicated training team, divisional career roadmaps and a dedicated page on the Company intranet which pulls together all the information our people need to plan their personal development. We will progressively extend this programme across our regional businesses in Asia, Europe and the US, tailoring it as appropriate to best meet local requirements.

Savills passionately believe that its graduates are the future leaders. Our graduates are given responsibility from day one, in teams who highly value their contribution, allowing them to be involved in some of the world's most high-profile property deals and developments. Graduates are surrounded by experienced professionals and team members from whom they can seek advice and learn. Individual achievement is rewarded and Savills look for graduates with entrepreneurial flair. In the UK our graduate programme was recognised for the eighth year running as the Graduate Employer of Choice (Property) in The Times Graduate Recruitment Awards 2014 and we continue to see a record number of applicants for this, and our student summer scheme and work placement programmes.

We continue to work with some of our UK industry peers on the Changing the Face of Property ('CTFOP') on initiatives such as an apprenticeship programme to offer jobs to school leavers and other junior candidates without a university education. A new initiative for this group for 2015 is to invite Year 12 students from across the UK into our businesses, who will shadow a current graduate so that they can find out more about the industry and what a career in property could mean for them.

Ethical commitment

Savills is committed to doing business legally and ethically wherever it operates. 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 2014 our total global workforce of 27,826 colleagues, comprised 14,923 males and 12,903 females. Of these 175 were senior executives (156 males, 19 females) comprising members of the Group Executive Board and Board members of the corporate entities whose financial information is incorporated in the Group's 2014 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.

Prior to any new appointment consideration is given to diversity in its broadest sense, with a view to appointing the best placed candidate for the role.

Building a diverse and inclusive culture

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 place great importance on delivering exceptional client service over the longer term through building sustained relationships and ensuring that the client experience of Savills is second to none.

Client review meetings are a vital part of our approach to client care and, as example, in the UK 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. Savills top 100 clients now have a dedicated client relationship lead (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. Ultimately this ensures that we have awareness of our clients' real estate plans so that we can make the appropriate resources available. Our client advocates are supported by an IT platform which harmonises client data into readily accessible client intelligence reports.
To complement this initiative we recognise that there are clients that benefit from a full Savills service offering and to meet these demands, we have a full client programme in place with a dedicated Client Relationship Management ('CRM') team. Each of these clients has a 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 from more than 600 offices around the world. We also manage buildings for clients through our property management teams. Savills adopts a practical, results driven approach to managing its environmental impacts. Our aim is to continually enhance the environmental performance of our businesses. 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.

In 2014 Savills has again been acknowledged by the Carbon Disclosure Project (CDP) for its transparent and committed approach to implementing this environmental strategy. 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. In the 2014 CDP FTSE 350 report, Savills achieved a disclosure result of 93 out of a possible 100.

As part of this continuing drive to mitigate our environmental impacts, and as a hallmark of quality for our clients, our offices continue to work to secure ISO14001 2004: the international standard for environmental management systems. ISO14001 is designed to help achieve sound environmental performance by using a proactive range of practical office management measures. During 2014 a further 12 offices achieved this accreditation, bringing the total number of accredited offices in the UK alone to 77.

Our Australian operations released their first Sustainability Report during World Green Building Week in 2014. This report, which was developed using the internationally-recognised Global Reporting Initiative's framework of principles, protocols and performance indicators, was well received internally, as well as attracting plaudits from clients and industry groups. Similar acclaim was received following the local release of the Green Tenancy Guide, which provides tenants with clear and helpful information on sustainability topics such as office equipment procurement, lighting, water, waste, fit-outs and green leases.

Greenhouse Gas Emissions Statement

This Greenhouse Gas Emissions Statement includes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 for the financial year to 31 December 2014, compared against our baseline year to 31 December 2013.

For 2014, we have expanded the scope of data collection for our environmental reporting on global greenhouse gas ('GHG') emissions. We are now reporting on GHG emissions from our UK, Europe, US (part), Australia, New Zealand, Hong Kong, Japan and Singapore operations. 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. Relevant emission factors, drawn from the UK Government's GHG Conversion Factors for Company Reporting, along with other recognised regional reporting standards, have then been applied to complete the emission calculations. In a few cases where reliable data was not available 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 (i.e. our full-time employee numbers), as we believe this provides the best comparative measure over time for our Company.

As can be seen from the results in the table below, our total emissions increased by approximately 15% from 2013 to 2014, although this increase does not take into account the expanded reporting boundary in 2014. The corresponding figures for our per capita intensity ratio, however, show an overall reduction of approximately 11%. Such a reduction reflects the measures we have developed globally, and applied locally, to lower our carbon footprint. In subsequent years, we are confident these and other related measures will enable further substantial improvements to be made with our per capita emissions.

Total Global Emissions for Carbon Reporting (2014[1])
GHG Emissions (Scopes 1+2) 7,374 TCO_2e/yr[1]

- Scope 1 (Direct) – 1,638.32
- Scope 2 (Energy Indirect) – 5,735.35

Total Gross Emissions[2] – 7,373.67

Total Employees (FTE av.) – 5,800
GHG Intensity Ratio[3] – 1.27

Total Global Emissions for Carbon Reporting (2013[4])
GHG Emissions (Scopes 1+2) 6,424 TCO_2e/yr[1]

- Scope 1 (Direct) – 1,292.05
- Scope 2 (Energy Indirect) – 5,131.85

Total Gross Emissions[2] – 6,423.90

Total Employees (FTE av.) – 4,508
GHG Intensity Ratio[3] – 1.425

Notes:

1 Emissions Factors based on Defra/DECC Guidelines 2011 and other globally recognised methodologies.

2 Total global emissions for Carbon Reporting 2014: UK, Rest of Europe, Australia/New Zealand and Hong Kong.

3 Total Gross Emissions, divided by Total Full Time Equivalent Employees (FTE) Year Average.

4 Retrospective adjustments have been made to the reported 2013 data figures to enable accurate year on year comparison.

Creating a safe place to work
Savills is committed at the highest level to providing a safe and healthy working environment for all staff and others who are affected by our businesses so as to minimise the risk of injury and ill health.

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 occupational exposure to workplace hazards, maintaining regulatory compliance and seeking to continuously develop and strengthen our health and safety arrangements.

In 2014 we focused upon a number of training initiatives and awareness programmes using a variety of communication channels, in order to ensure Health & Safety ('H&S') remained a key focus for all staff. We also introduced a dedicated online H&S forum to further enhance interaction amongst our global network of H&S Champions.

During the current year we will continue to promote our positive safety culture with further localised training and country specific safety campaigns. We also aim to enhance our current audit coverage in order to demonstrate our commitment to continuous improvement of safe working practices.

Community
Charitable giving
Supporting communities in which we operate remains an integral part of our operations.

Our offices and our people are actively involved in their communities through our support of charitable causes and other social and business organisations, including making financial, in kind and time contributions. 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 2014.

During the year, Savills UK main charity of choice was LandAid, a charity which works to improve the lives of children and young people in the UK who experience disadvantage due to their economic or social circumstances. To raise money our people took part in many fundraising events large and small. One such fundraiser was the London TowerAthlon, which saw each competitor undertaking the physical challenge that tested speed, strength and courage involving abseiling a 539ft tower, running up 35 floors and cycling as far as possible in 10 minutes.

As well as delivering social benefits, we believe greater community engagement increases staff commitment and provides real-life development opportunities. This year, Savills UK graduates partnered with Dreams Come True, a charity which make dreams come true for terminally and seriously ill children and young adults between the ages of 2 to 21 throughout the UK. Savills supported the charity in a variety of ways including organising various fundraisers including sponsoring runners of the Great North Run and London Marathon, a cricket day auction, and a Dreams Come True children's party which was held at Hamleys toy store in London.

In Asia, in recognition of Savills Guardian's efforts in support of charitable causes, Savills Guardian was awarded a number of corporate volunteer awards. This includes an acknowledgement of Savills Guardian's participation in the Caring Company Scheme with it now holding the 'Caring Company 10 consecutive years' logo.

During 2014 Savills Studley, Inc. actively participated and contributed to not-for-profit organisations both nationally and regionally. During 2014 this included the Juvenile Diabetes Research Foundation, Pediatric Cancer Research Foundation and the Los Angeles Regional Food Bank. One national example is the Lee National Denim Day, the world's largest single-day fundraiser in support of breast cancer research which Savills Studley have been involved with since 2005.

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 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.

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 everyday activities. Risk is assessed across the Group using a systematic risk management model covering both external and internal factors and the potential impact and likelihood of occurrence of those risks. Risk assessments are incorporated into risk registers at Group and individual business level, which evolve to reflect the reduction/increase in identified risks and the emergence of new risks. The Board determines 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. The Group's Risk and Internal Audit team drives the risk assessment process with Group and business unit management and challenges risk findings and the internal control framework to ensure that this remains appropriate. 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

- Supports the Board through monitoring risk and reviewing the effectiveness of Group internal controls, including systems to identify, assess, manage and monitor risks

Actions

- Receive regular reports on internal and external audit and other assurance activities
- Receive regular risk updates from subsidiaries and functions
- Determine the nature and extent of the principal Group risks and assess the effectiveness of mitigating actions
- Annually review the effectiveness of risk management and internal control systems
- Approve Group Policies including the Group risk management policy

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 within the risk appetite of the Board

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 Committees

Responsibilities

- Responsible for risk management and internal control systems within their regions
- Monitoring the discharge of their responsibilities by operating companies

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

The Directors have carried out a robust assessment of the principal risks facing the Company – including those that would threaten its business model, future performance, solvency or liquidity. Our consideration of the key risks and uncertainties relating to the Group's operations, along with their potential impact and the mitigations 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 45 to 48.

In summary, our principal risks are:

1. Achieving the right market positioning in response to the needs of our clients
2. Economic/country and currency risks
3. Recruitment and retention of high-calibre staff
4. Reputational and brand risk
5. Legal risk
6. Failure or significant interruption to our IT systems causing disruption to client service
7. Conduct risk
8. Changes in the regulatory environment

Key risk 1: 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 2013 ↔

Description

The markets in which we operate remain highly competitive. Competition could lead to a reduction in market share and/or a decline in revenue. Our focus is on both retaining existing clients as well as on engaging with new clients by ensuring that our service offering continuously evolves and improves to meet the changing needs of those clients.

Mitigation

To remain competitive in all markets, we continue to promote and differentiate our strengths whilst focusing on providing the quality of client care and service that our clients require. We continue to invest in the development of client relationships globally and associated systems to support our client service offering.

Key risk 2: Economic/country and currency risks

Strategic objective:
- Geographic diversification
- Financial strength

Change from 2013 ↑

Description

Global market conditions remain volatile, with economic uncertainty in certain of our sectors and markets (particularly Singapore and Hong Kong/China where government cooling measures may continue to have an impact). 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

The strength of Savills business and brand and our continuous focus on client service and relationships helps to mitigate this risk.

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 regular 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 with economies which are currently weak is balanced by our business in other more stable markets. When considering entry into a new market 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 transactional element of our business.

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

Key risk 3: Recruitment and retention of high-calibre staff

Strategic objective: • Financial strength
• Commitment to clients

Change from 2013 ↑

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 partnership style culture and profit sharing approach to remuneration is combined with selective use of share-based and other rewards to incentivise our people to perform over the longer term and to remain with the business. Team scorecards and individual appraisals ensure that rewards are based on personal and team performance, improvements in client service, business development, people management as well as financial performance. Leadership and management programmes are designed to meet the succession needs of our business.

Key risk 4: Reputational and brand risk

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

Change from 2013 ↔

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.

Social media can have an immediate and potentially detrimental impact on our brand.

Mitigation

We recognise that our brand strength is vital to maintaining market share in established markets 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. Our social media policy is supported by guidance and training as well as ongoing monitoring.

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 5: Legal risk

Strategic objective: • Financial strength
• Commitment to clients

Change from 2013 ↔

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 properties.

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.

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

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

Key risk 6: Failure or significant interruption to our IT systems causing disruption to client service

Strategic objective: • Financial strength
• Commitment to clients

Change from 2013 ↔

Description

Major failures in our IT systems may result in client service being interrupted or data being lost/corrupted causing damage to our reputation and consequential client and/or 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 7: Business conduct

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

Change from 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, regulatory sanction, debarring and/or reputational damage.

Mitigation

We have programmes to promote compliance with our Code of Conduct, particularly in areas of higher risk such as procurement, which is designed to address such risks.

We adopt a zero tolerance approach to breaches of our Code of Conduct.

Key risk 8: Changes in the regulatory environment

Strategic objective: • Commitment to clients

Change from 2013 ↔

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 (e.g. China) we operate under strict licences, which are subject to periodic review;
- in the UK, the Financial Conduct Authority (FCA) regulates the conduct of Savills Capital Advisors and, both generally and in relation to the Alternative Investment Fund Managers Directive, Cordea Savills Investment Management, and the insurance intermediary services provided to clients by Savills UK; our businesses are regulated by The Royal Institution of Chartered Surveyors (RICS);
- Cordea Savills entities are variously regulated by the Bank of Italy, BaFin in Germany and CSSF in Luxembourg;
- various countries, corporate entities and individuals are subject to financial sanctions, which require continuous monitoring in response to global events.

Failure to satisfy regulatory compliance requirements may result in fines being imposed, adverse publicity, brand/reputation 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 listed 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 performance indicators

Financial KPIs

Revenue
(£m)

2014	**1,078.2**
2013	904.8
2012	806.4
2011	721.5
2010	677.0

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.

Cash generation
(£m)

2014	**96.1**
2013	70.8
2012	59.7
2011	35.7
2010	68.4

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 profit
(£m)

2014	**100.5**
2013	75.2
2012	58.6
2011	50.4
2010	47.3

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 earnings per share
(p)

2014	**55.2**
2013	43.1
2012	33.9
2011	29.0
2010	27.9

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.

Underlying profit margin
(%)*

2014	**9.3**
2013	8.3
2012	7.3
2011	7.0
2010	7.0

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.

* 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, restructuring costs and acquisition related costs (refer to Note 2 to the Financial statements).

Non-financial KPIs

Property under management
(million sq ft)

2014	**2,090.0**
2013	2,031.7
2012	1,754.5
2011	1,359.6
2010	1,104.6

The measure: Total sq ft property under management.

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

Breadth of service offering
(% non-Transactional income)

2014	**54.1**
2013	60.4
2012	61.6
2011	61.8
2010	60.0

The measure: Revenue by type of business.

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

Geographical spread
(% non-UK)

2014	**52.3**
2013	48.9
2012	51.0
2011	51.2
2010	50.8

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.

Assets under management
(€bn)

2014	**7.2**
2013	5.1
2012	4.4
2011	3.4
2010	3.2

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

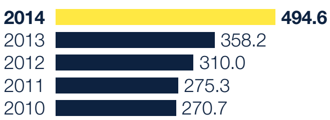
The target: To increase the value of investment portfolios through portfolio management, new mandates and the launch of new funds.

Segmental reviews

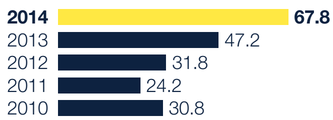
The Savills Group advises on commercial, rural, residential and leisure property. We also provide corporate finance advice, investment management and a range of property-related financial services. Operations are conducted internationally through four business streams:

Transaction Advisory

Revenue
£494.6m +38%



Underlying profit
£67.8m +44%



Contribution to Group revenue
a. Transaction Advisory – 46%
b. Rest of Group – 54%

Services
Acquisitions
Divestments
Leasing and rentals
Sales and leaseback
Capital raising

2014 clearly demonstrated the strength of our geographic spread of businesses as improved performances in a number of countries outweighed the anticipated reduction in activity in mainland China, Hong Kong and Singapore. This, in conjunction with the acquisition of Studley, Inc. in the US, recovery in certain Continental European markets and a strong performance in the UK regions resulted in the substantial increase in revenue, profit and margin delivered by our Transactional Advisory business as a whole. Revenue grew by 38% to £494.6m (2013: £358.2m) and underlying profit increased by 44% to £67.8m (2013: £47.2m). The underlying profit margin of the Transaction Advisory business increased to 13.7% (2013: 13.2%).

UK Residential

The prime residential market, where Savills is a market leader, continued to perform well with Savills trading volumes increasing by 6% year on year. The value of UK residential property (excluding new developments) sold by Savills during the year rose 8% to £6.6bn. In the London market the volume of property transactions increased by approximately 1% year on year with a 3% increase in Savills average sales value to £3.3m. In the Country market the volume of exchanges increased by approximately 9%, with the Savills average value increasing 4% to £1.1m. In the new development market we saw a significant increase in transactions with the volume exchanged increasing by 46% to £2.8bn, 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 9% to £129.2m (2013: £118.0m).

Despite Central London's relative strength as a market, Savills sales volumes in this market still remain 13% 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 and generally improved economic conditions helped to grow transaction volumes but they still remain 19% below the 2007 peak. During the year we opened new residential offices in Westminster, East Sheen and Battersea Bridge and a full service office in Aberdeen. The London offices comprised openings in both the high value prime market and the continued development of our strategy to expand in markets with core values in the range £0.8m to £1.5m.

The last quarter of 2014 saw the start of the anticipated slow down in UK prime residential market activity in advance of the UK General Election in May 2015. Against this backdrop the UK Residential Transaction Advisory business recorded a 4% increase in underlying profits to £19.7m (2013: £19.0m).

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 5% decrease in revenue to £21.6m (2013: £22.7m). However, in constant currency, the business recorded a 1% increase in revenue to £23.0m. The primary contributors to this increase were Australia and Taiwan, with significant intra-regional cross-border activity in the prime markets. Due to its focus on the high end market only, and thanks to some ultra prime transactions, our Hong Kong residential agency saw revenue increase by 6%. During the year the mainland Chinese and Singapore markets experienced continuing decline in market volumes which had started in the fourth quarter of 2013. These factors resulted in the region reporting a 37% decrease (34% in constant currency) in underlying profit to £3.7m (2013: £5.9m).

Asia Pacific Commercial

The Asia Pacific Commercial business enjoyed a somewhat stronger year than we originally expected, driven by substantially improved earnings in Australia, Korea and Japan. Indeed our market share in Japan grew significantly and resulted in a substantial rise in revenue and profit. This helped to offset the effect of the anticipated reduction in transaction volumes in Hong Kong, mainland China and Singapore where market volumes reduced by approximately between 24% and 40% year on year. Reported revenue declined by 3% to £96.3m (2013: £99.3m). However, on a constant currency basis, this represented an increase of 5% year on year.

In mainland China, where we have 13 offices, the market remained weak with Transaction Advisory revenues decreasing by 28% year on year due to a significant reduction in investment sales. In contrast our office and retail leasing and tenant representation business remained relatively resilient in the region. Our Hong Kong Commercial transaction revenue declined by 23% as market volumes reduced significantly during the year. Our Japanese investment business grew transaction revenue by over 70% on further strengthening of activity levels in the region. Overall, the Asia Pacific Commercial Transaction Advisory business recorded a 1% increase in underlying profit to £16.7m (2013: £16.6m). The increase in underlying profit in constant currency was 11%.

UK Commercial

Revenue from UK commercial transactions increased 15% to £84.1m (2013: £73.4m). This performance reflected gains of 15% in total UK commercial investment market volumes from £54.4bn in 2013 to £63bn in 2014. This was driven by the strong recovery in many regional cities. In addition, London continued to be the principal focal point for overseas investment interest which enabled the overall market value of transactions marginally to exceed the record levels of the previous year at £21.9bn.

The Central London occupier market saw a strong recovery in tenant demand in 2014, with the overall take-up for the City growing 16% year-on-year to reach a record 8.2m sq ft. All sectors, including banking, contributed to this rise in activity. The vacancy rate in the City continued to fall to 6.7% which contributed to a 3% rise in rents. Take-up in the West End of London was marginally up on the total for 2013 at 4.2m sq ft, and the vacancy rate dropped to 3.4% driving a 5% increase in average prime rents.

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 10% to reach 9.9m 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 hotels, logistics and retail particularly strong. Overall the regional Commercial business reported a 36% rise in revenue and an increase in profits of approximately 75%.

The continuation of a robust market in London and strong recovery in the regions resulted in the UK Commercial Transaction Advisory business increasing underlying profit by 36% to £14.0m (2013: £10.3m) with margin improvement to 16.6% (2013: 14.0%).

Continental Europe

The Continental European Commercial Transaction Advisory business saw revenue increase by 34% to £51.1m (2013: £38.0m). In constant currency the underlying increase was 42%. There was a substantial improvement in Ireland, where Savills had a leading share of the transactional market, which was characterised by demand from international private equity funds for distressed assets and portfolio sales. Transactional Advisory revenues also improved significantly in Germany where International investors sought core assets, and in Ireland, Spain, Poland and the Netherlands where opportunistic investors, particularly international private equity funds, started to make significant investments. By comparison, leasing markets particularly in France remained relatively subdued.

Overall in 2014, the Continental European Transaction Advisory business returned to an underlying profit of £1.3m in 2014 (£1.4m in constant currency, 2013: £3.0m loss).

US

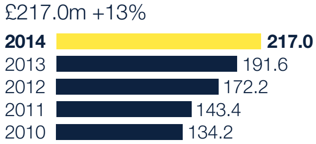
2014 was a transformational year for our US business. We completed the $260m acquisition of Studley, Inc on 30 May 2014, which substantially fulfilled our strategic requirement to have a strong services platform in the key cities of the US. The integration of our existing three locations into their Studley, Inc. counterpart offices proceeded well. Branded 'Savills Studley', our US business now comprises a platform of 26 offices across the key markets of the US, with leading market positions in occupier advisory services (tenant representation) in New York, Washington DC, Los Angeles, Chicago and Houston and in investment services in New York.

The other element of integration was to link the Savills Studley tenant representation teams into the existing Savills networks in Europe and Asia Pacific. This has been successfully achieved with high levels of cross border referrals to deliver clients' requirements across the globe. Some significant assignments have been completed, or are in progress, in locations as diverse as Aberdeen, London, the Philippines, Hong Kong, Paris, Shanghai and the Middle East. We will continue to enhance our US platform through recruitment and bolt-on acquisitions in the coming periods.

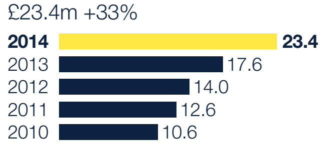
The results of our US business reflected the first seven months of Studley, Inc. post-acquisition. Operationally a number of cities such as New York, Chicago, Los Angeles and Southern California enjoyed a very strong performance during the year, while the oil price fall in the last part of the period had an adverse impact on our market leading Houston practice. In the investment markets we concluded substantial transactions on both seaboards. Overall our US revenue increased substantially to £112.3m (2013: £6.8m), of which Savills Studley contributed £104.6m. Our US business posted an underlying profit for the year of £12.4m (2013: £1.6m loss).

Consultancy

Revenue
£217.0m +13%



Underlying profit
£23.4m +33%



Contribution to Group revenue
a. Consultancy – 20%
b. Rest of Group – 80%

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 13% to £217.0m (2013: £191.6m) and underlying profit grew by 33% to £23.4m (2013: £17.6m).

UK
Consultancy service revenue in the UK increased by 13% to £168.2m (2013: £148.7m). The recovery of regional UK markets contributed to performances across all sectors, most notably in the Development, Planning and Valuation businesses and Housing and Building consultancy. Overall underlying profit from the UK Consultancy business increased by 36% to £19.4m (2013: £14.3m).

Asia Pacific
Revenue in the Asia Pacific Consultancy business increased by 10% to £30.0m (2013: £27.3m) with increased valuation and feasibility study assignments in mainland China, Hong Kong and Japan. Underlying profit increased by 37% to £2.6m (2013: £1.9m) predominantly reflecting improved performance in mainland China.

Continental Europe
Our Continental European Consultancy business, which principally comprises valuation and corporate finance advisory services, increased revenue by 21% to £18.8m (2013: £15.6m). There were stronger performances in Germany, Ireland, the Netherlands and Spain. Profitability was adversely impacted by recruitment costs in a number of markets. Underlying profit for the year was unchanged at £1.4m (2013: £1.4m).

Property and Facilities Management

Revenue
£338.6m +3%

Underlying profit
£18.6m +6%

Contribution to Group revenue
a. Property and Facilities Management – 31%
b. Rest of Group – 69%

Services
Asset Management
Facilities Management
Commercial Management
Rural Management
Project Management

Our Property and Facilities Management businesses continued to perform well, growing revenue by 3% overall (7% in constant currency). Underlying profit increased by 6% to £18.6m (£19.3m in constant currency, 2013: £17.6m) primarily reflecting improved margins in the UK and Asia commercial businesses.

Asia Pacific
Overall the business grew revenue by 1% to £207.1m (7% in constant currency), (2013: £205.1m). 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 5% to approximately 1.9bn sq ft (2013: 1.8bn sq ft). In mainland China, revenue increased by 21% and profits grew by 28%. In Hong Kong, Property and Facilities Management revenue grew by just over 5% and profits remained flat reflecting higher staff costs in the business. Australia reported a drop in both revenue and profit due to the loss of a number of contracts on sale of the properties during the year. Overall the underlying profit of the Asia Pacific Property Management business grew 5% (12% in constant currency) to £11.7m (2013: £11.1m).

UK

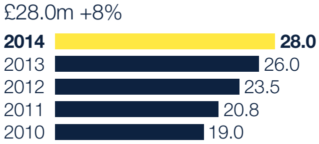
Overall, our UK Property Management teams, comprising Commercial, Residential and Rural, grew revenue by 9% to £104.9m (2013: £96.2m) thanks to some significant contract wins in both London and the regions. The Residential management business and the UK Commercial business together grew area under management by 2% to approximately 174m sq ft (2013: 170m sq ft). The core UK Commercial Property Management business performed well with revenue growth of 9% and a 12% improvement in underlying profit. Our Residential Property Management businesses, including lettings, increased revenue by 9%. Underlying profit growth was restricted due to the cost associated with new lettings offices and the creation of a centralised lettings administration and telephone support service in London to support future growth. Overall the net effect of revenue growth and investment in the UK business improved underlying profit by 8% to £9.5m (2013: £8.8m).

Continental Europe

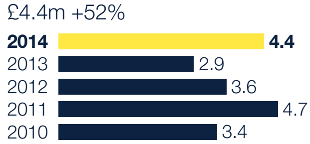
In Continental Europe revenue declined by 4% (2% growth in constant currency) to £26.6m (2013: £27.7m). By the year end the total area under management had increased by 7% to 45.4m sq ft. Costs related to the establishment of a new team in Poland, one-off costs in Ireland to improve future operational performance and the loss of two contracts in the Netherlands temporarily masked the effect of improved performances and contract wins elsewhere in the region, most notably in Sweden. The net effect of revenue growth and these costs increased the underlying loss for the year to £2.6m (2013: loss £2.3m).

Investment Management

Revenue
£28.0m +8%



Underlying profit
£4.4m +52%



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 8% to £28.0m (2013: £26.0m). AUM increased by 41% to €7.2bn (2013: €5.1bn) through the launch of two new funds, new segregated mandates, valuation increases and inflows into existing open-ended funds net of the disposition of two historical funds (Italian Opportunities Fund 1 and the Student Hall Fund). During the year we successfully launched the Prime London Residential Development Fund II and the Nordic Logistics Fund, collectively representing €470m AUM. We also completed the purchase of Merchant Capital KK in Japan resulting in a further €505m AUM by year end. The enhanced revenue improved the underlying profit margin to 15.7% (2013: 11.2%) and increased underlying profits by 52% to £4.4m (2013: £2.9m).

Summary

Overall in 2014, Savills delivered a strong performance with each of our regions showing growth in revenue and profits on a like for like basis. The acquisition of Studley, Inc. in the US brought a substantial, high quality and culturally compatible business into the Savills Group. In the UK we benefited from the strengthening of the regional economy and the continuation of Central London's status as a primary destination for cross border real estate investors. In Asia the breadth of our business ensured that we successfully withstood the anticipated declines in transaction activity in Hong Kong, Singapore and mainland China. This was partly due to growth in our substantial Property Management business in the region and partly through strong trading in other transactional markets, the stand out performer being Japan.

Our Continental European business delivered its target of a return to profit and our Cordea Savills Investment Management business continued to grow its AUM, with further expansion in the pipeline for 2015. Whilst the Transactional Advisory business provided the majority of our profit improvement, our Property Management and Consultancy businesses continued to provide a solid foundation and support for this performance. We entered 2015 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 £154.2m net cash position at year end and supports a 21% increase in the annual dividend

Simon Shaw
Group Chief Financial Officer

Financial highlights

- Group revenue up 19% to £1,078.2m (£1,113.9m in constant Group currency, 2013: £904.8m)
- Underlying profit up 34% to £100.5m (£104.3m in constant currency, 2013: £75.2m)
- Group profit before tax up 21% to £84.7m (2013: £70.1m)
- Underlying profit margin increased to 9.3% (2013: 8.3%)
- Underlying basic EPS grew 28% to 55.2p (2013: 43.1p)
- Final ordinary and supplementary interim dividends total 19.25p per share (2013: 15.5p) taking the total dividend for the year up 21% to 23.0p per share (2013: 19.0p)

Underlying profit margin

Underlying profit margin increased to 9.3% (2013: 8.3%) reflecting the effect of improved margins across all operating segments, most notably in Transaction Advisory and the Consultancy businesses.

Net interest

Net finance cost in the year was £0.8m (2013: £0.6m). During a period of historically low interest rates and expanded credit spreads this primarily reflects the significant differential between interest received on surplus cash deposits and interest paid on borrowings.

Taxation

The tax charge for the year increased to £22.0m (2013: £18.7m). The effective tax rate on reported profits decreased to 26.0% (2013: 26.7%) reflecting the net effect in the year of recognising the one-off deferred tax credit on previously unrecognised losses in respect of the US, largely offset by non-deductible Studley, Inc. acquisition costs. The underlying effective tax rate was 26.6% (2013: 25.9%). The acquisition of Studley, Inc. will increase the Group's future effective tax rate as a higher proportion of Group profits will be subject to US taxation. As at 31 December 2014, the deferred tax assets arising from the Studley, Inc. acquisition and the previous US business losses, available for relief against future US Group profits, is $21.5m (at current US rates of taxation).

Restructuring and acquisition related costs

During the period the Group incurred an aggregate restructuring charge of £0.9m (2013: £5.2m) and acquisition related costs of £16.6m (2013: £nil). These costs included £6.7m of professional fees and a £9.9m charge for future payments which are contingent on the continuity of recipients' employment in the future. This charge related to the acquisition of Studley, Inc.

A £0.6m impairment charge was recognised during the year on the Group's interest in the Italian Opportunities Fund No.2 (2013: £nil).

These charges have been excluded from the calculation of underlying profit in line with Group policy.

Earnings per share

Basic earnings per share increased by 18% to 46.8p (2013: 39.8p). Adjusted on a consistent basis for restructuring, acquisition related costs and impairment charges, profits and losses on disposals, certain share-based payment adjustments and amortisation of intangible assets (excluding software), underlying basic earnings per share increased by 28% to 55.2p (2013: 43.1p).

Fully diluted earnings per share increased by 19% to 45.3p (2013: 38.1p). The underlying fully diluted earnings per share increased by 29% to 53.4p (2013: 41.4p).

Cash resources, borrowings and liquidity

Year end gross cash and cash equivalents increased 29% to £158.1m (2013: £122.2m). This principally reflected improved profits and the realisation of $14m cash on the sale of a minority stake in AOS Studley, Inc. (Studley's European joint venture) during the post-acquisition period.

Gross borrowings at year end decreased to £3.9m (2013: £9.8m). These included £0.9m in respect of a working capital loan in Australia and a £3.0m term loan to finance the fit out of the Group's 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 £96.1m (2013: £70.8m), 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 2014 the Group's revolving credit facility ('RCF') was increased to £150.0m from £90.0m through the exercise of £60.0m of our £90.0m Accordion facility with effect from 30 April 2014. The RCF expires on 19 June 2017.

Capital and shareholders' interests

During the year, 0.6m new shares were allotted to participants under the Performance Share Plan. No shares were repurchased for cancellation (2013: nil). The total number of ordinary shares in issue at 31 December 2014 was 134.9m (2013: 134.3m). As part of the consideration for the acquisition of Studley, Savills will issue 5.8m new ordinary shares in three equal annual instalments commencing on the first anniversary of the acquisition (30 May 2015). In accordance with IFRS, all EPS measures for the year include the dilutive effect of this future obligation.

Savills Pension Scheme

The funding level of the Savills Pension Scheme, which is closed to future service-based accrual, deteriorated during the year as a result of the effect of a reduction in long-term interest rates on the rate at which liabilities are discounted. The plan deficit at the year end amounted to £19.4m (2013: £12.7m).

Net assets

Net assets as at 31 December 2014 were £330.3m (2013: £270.8m). This movement reflected increased tangible assets, receivables and cash balances derived from the Group's trading performance and acquisitions together with increased deferred income tax assets.

Key performance indicators

The Group uses a number of KPIs to measure its performance and review the impact of management strategies. These KPIs are detailed under the Key Performance Indicators section on page 27. 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.

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. The net impact of foreign exchange rate movements in 2014 was a £35.7m decrease in revenue (2013: £1.8m increase) and a decrease of £3.8m in underlying profit (2013: £0.4m decrease).

Simon Shaw
Group Chief Financial Officer

Corporate Governance Statement
Chairman's introduction

Peter Smith
Chairman

The Board of Savills is committed to maintaining the highest standards of corporate governance and understands that an effective, challenging and diverse Board is essential to enable the Company to deliver its strategy and long-term shareholder value. Further information on our strategy and business model can be found on pages 2 to 27.

We continue to work hard to create a culture where 'doing the right thing' is at the core of how we do business. The Board recognises our duty to set the right tone at the top in order to guide our organisation's behaviour and ensure that we live by and demonstrate the right values which in turn enable entrepreneurial and prudent management of the resources to deliver long-term success for the Group and its stakeholders. 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.

Board and Committee composition

Ensuring that we do the right thing in the right way requires the right leadership and it is important in my role as Chairman to ensure that the Board has the right composition. The Board is collectively responsible for the long-term success of the Company and how it is directed and controlled, so our performance is thoroughly tested through an annual Board evaluation. 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. This year we conducted an in-house evaluation of the performance of the Board. The process and key findings are explained on page 38. Following this review, I am satisfied that the Board is performing effectively.

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 2014 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.

Following the retirement of Clare Hollingsworth in May 2014 we set out to find a suitable candidate to fill the vacancy created on the Board and its Committees. I am pleased to report that on 24 June 2014, Liz Hewitt was appointed as a Non-Executive Director. Liz has extensive experience which will complement and further enhance the wide-ranging skills and experience of the Board and its Committees.

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 40. In accordance with the UK Corporate Governance Code, all Directors (with the exception of Liz Hewitt who will seek election for the first time), will stand for re-election at the Annual General Meeting ('AGM') on 13 May 2015.

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, except for the period between the retirement of Clare Hollingsworth at the conclusion of the Company's AGM on 12 May 2014 and the appointment of Liz Hewitt on 24 June 2014, representing 20% of Non-Executive Board membership. We also had one other Non-Executive Director who is based in Hong Kong. Our focus remains on attracting the right talent and skills irrespective of gender or ethnicity. As and when Board appointments arise, we will look to follow the procedures recommended by the Davies Report and by the UK Corporate Governance Code to maintain a balanced Board. Our policy on page 42 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. As an international business, we benefit from our Non-Executive Directors' other current roles in Hong Kong and China, the Middle East, Russia and Central Europe, and the US. 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 Resources and Responsibilities Report on pages 18 to 22.

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 49 to 67.

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. We welcome the changes to the revised UK Corporate Governance Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, published in September 2014.

The Audit Committee's Report on pages 45 to 48 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 23 to 26.

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

18 March 2015

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. Throughout the financial year to 31 December 2014 the Code remained the standard against which we measured ourselves and the Board fully supports the principles set out in the Code. However, for a short period during the year, following the retirement of Clare Hollingsworth at the conclusion of the Company's Annual General Meeting on 12 May 2014 and up to the appointment of Liz Hewitt on 24 June 2014, the Company did not fully comply with the Code in respect of those provisions of the Code relating to the number of independent Non-Executive Directors. For the remainder of the year ended 31 December 2014 and to the date of this Report, we confirm that we have applied the main Principles and complied with the main principles of the Code.

For ease of reference, we prepare a separate annual compliance report by reference to the main principles of the Code. This report is available on the Group's website www.savills.com

Our approach to Leadership, Effectiveness and Accountability is set out in more detail on pages 36 to 39 and 42 to 45.

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 the management of the day to day operation of the business to the Group Chief Executive, supported by the Group Executive Board referred to on page 41, 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 appetite 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 ethically, morally 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 trading updates, and accounting policies so as to ensure that communication with the Group's shareholders is fair, balanced and understandable; and, subject to shareholder approval, the appointment and the remuneration of the External Auditors.

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.

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
Liz Hewitt*	5	5
Clare Hollingsworth**	3	3
Charles McVeigh	8	8
Executive Directors		
Jeremy Helsby***	8	8
Simon Shaw***	8	8

* Was appointed to the Board on 24 June 2014.
** Retired from the Board at the conclusion of the 2014 AGM on 12 May 2014.
*** 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 2014 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
– Determination of principal risks

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

Finance
– Optimising our internal control framework
– Capital management
– Overview and preparation of financial statements

In 2014, a specific area of focus for the Board was the acquisition and integration of Studley, Inc. which substantially fulfilled our strategic requirement to have a strong services platform in the key cities of the US. The Board also considered in detail the options for expanding Cordea Savills.

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. To enable the Board to discharge its duties, all Directors receive appropriate and timely information, including detailed papers in advance of Board meetings. 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 views on the key items of business to be considered at that meeting are relayed in advance to the Chairman of that meeting in order that these can be presented at the meeting and influence the debate.

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.

Access to independent advice

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.

Indemnification of Directors

In accordance with the Company's Articles of Association, and to the extent permitted by law, the Directors and the Group Legal Director & Company Secretary are granted an indemnity, 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 2014 and up to the date of this Report. The Company also maintains 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 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 succession 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. The Nomination Committee Report can be found on page 43.

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 Auditors. The Audit Committee Report can be found on pages 45 to 48.

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 49 to 67.

Group Executive Board ('GEB')

As mentioned above, the Group Chief Executive is supported by the 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 the ongoing review and control of Group risks as detailed on pages 23 to 36 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 and 5.

Membership of the GEB is detailed on page 41.

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.

Other Appointments: Non-Executive Director of Great Ormond Street Hospital.

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 Vice 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. Charles has recently become Chairman of Rubicon Fund Management, a successful London based hedge fund.

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 and Chairman of the Remuneration Committee

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

Background and relevant experience: Until June 2014 Tim was a Non-Executive Director of Chong Hing Bank Limited. Formerly he was Chairman of Grosvenor Asia Pacific Limited. He was 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. Tim was appointed as a Non-Executive Director (non-independent) and Chairman of Goldman Sachs Asia Pacific Company Limited on 6 October 2014.

Committee membership: Audit, Remuneration and Nomination Committee.

7. Liz Hewitt
Independent Non-Executive Director

Appointment to the Board: Liz was appointed to the Board as a Non-Executive Director on 24th June 2014.

Background and relevant experience: Liz was previously Group Director, Corporate Affairs of Smith & Nephew plc between 2004 and 2011, and prior to 2004, was a director of 3i plc having spent her early career with Gartmore, CVC and latterly 3i as a private equity investor. She qualified as a Chartered Accountant with Arthur Andersen.

Other appointments: Non-Executive Director of Melrose Industries Plc and Novo Nordisk A/S. Independent member of the House of Lords Audit Committee.

Committee membership: Audit, Remuneration and Nomination Committees.


1


2


3


4


5


6


7

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.

Other appointments: Rupert is currently a Director of Pigeon Land Ltd and Penshurst Properties Ltd. 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 Head of our Global Capital Markets business. He is also a member of the Board of the Charities Property Fund and Tilstone LLP.

14. Justin O'Connor
Chief Executive – Continental Europe

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

15. Mitch Steir
(alternate member with Michael Colacino)
Chairman & CEO Savills Studley

Appointment to the Group Executive Board: Mitch was appointed to the Group Executive Board when Studley, Inc. joined Savills in May 2014.

Background and relevant experience: He joined Studley, Inc. in 1988 after beginning his commercial real estate career at Huberth & Peters in New York.

Other appointments: Mitch serves on the boards of The Museum of the City of New York, the Film Society of Lincoln Center, The Realty Foundation of New York, The Avenue of Americas Association, and the Citizens Budget Commission.

16. Michael Colacino
(alternate member with Mitch Steir)
President Savills Studley

Appointment to the Group Executive Board: Michael was appointed to the Group Executive Board when Studley, Inc. joined Savills in May 2014.

Background and relevant experience: He joined Studley, Inc. in October 1991 and became president in 2002.

Other appointments: Michael serves on the Real Estate Board of New York's Board of Governors and the Advisory Board of the Zell-Lurie Real Estate Center at Wharton.

Effectiveness

Board composition and balance

Balance of Non-Executive Directors and Executive Directors

- Non-Executive Chairman – 1
- Non-Executive Directors – 4
- Executive Directors – 2

Length of Tenure of Non-Executive Directors

0-4 years – 2   5-9 years – 1   10+ years – 2

At all times during the year at least half of the Board members, excluding the Chairman, were Independent Non-Executive Directors except for the period between the retirement of Clare Hollingsworth at the conclusion of the Company's Annual General Meeting on 12 May 2014 and the appointment of Liz Hewitt on 24 June 2014.

The posts of Chairman and Group Chief Executive are distinct and separate and their roles and responsibilities are clearly established. 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. Except as explained above, in relation to the number of Independent Non-Executive Directors, the Board considers that throughout the year the Company was in full compliance with the Code.

It is the view of the Board that each of the Non-Executive Directors brings considerable management expertise and is an Independent Non-Executive Director, being independent of management and having 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 2013 the Board evaluation was conducted by independent external facilitators IDDAS. This year an internal performance evaluation, led by the Senior Independent Director and supported by the Group Legal Director & Secretary, was conducted taking into account the principal themes which had emerged from the 2013 external evaluation. The review concluded that the Board was well structured and had the necessary blend of skills and experience. It was noted that significant progress had been made in delivering the Group's strategic objectives over the preceding five years, in particular in completing the targeted expansion into the US and delivering the targeted step change in scale for the Group's investment management platform. The review also reconfirmed the need for the Board to plan to ensure effective succession at Board and senior management level, and, in this context, and with the expansion of the Group for the Board to spend time meeting with senior managers below Group Executive Board level in each of the Group's Principal Businesses as part of the annual cycle of presentations on these businesses.

Overall, the Board considers the performance of each Director to be effective and concluded that both the Board and its Committees continue to provide effective leadership and exert the required levels of governance and control. The Shareholders should therefore support their re-election to the Board at the AGM in May. The Board will continue to reviews its procedures, effectiveness and development.

The skills and experience of the Directors, are set out on page 40.

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. Our focus remains on attracting the right talent and skills irrespective of gender or diversity.

The Board recognises the benefits of having diversity across all areas of the Group. 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 Company's policy on diversity applies across all levels of the Group, further details of which can be found in the Resources and Responsibilities section on pages 18 to 22.

The biographies of the Board members appear on page 40.

Board induction and training

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

The Directors receive regular updates on developments in legal and regulatory matters.

Directors' conflicts of interest

Each Director has a duty under the Companies Act 2006 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 2014, 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
Liz Hewitt*	1	1
Clare Hollingsworth**	1	1
Jeremy Helsby	2	2

* Liz Hewitt was appointed to the Board on 24 June 2014.

** Clare Hollingsworth retired from the Board from the conclusion of the Annual General Meeting of the Company held on 12 May 2014.

As at 31 December 2014 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 40.

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 2014. 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 Directors' potential conflicts of interest and reviewed its own Terms of Reference (which are reviewed at least annually or as required, e.g. 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. In making a recommendation to the Board on a Non-Executive Director appointment, the Nomination Committee specifically considers the expected time commitment of the proposed Non-Executive and other commitments they may already have. 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.

Appointments to the Board

In anticipation of Clare Hollingsworth's retirement from the Board at the 2014 Annual General Meeting and prior to external recruitment consultants being appointed to search for a new Non-Executive Director, the qualities sought for that role were agreed by the Board. The Nomination Committee engaged independent executive search firm Spencer Stuart as recruitment consultants in respect of its search for a suitable candidate as a Non-Executive Director and oversaw the selection process. Spencer Stuart were asked to compile a long list of potential candidates which was reduced to a final shortlist of three candidates by the Committee. The three candidates were then interviewed by Peter Smith and the Chief Executive. Liz Hewitt was identified as the preferred candidate and then met with the other Non-Executive Directors. The unanimous recommendation of the Committee to the Board was that Liz Hewitt be appointed as a Non-Executive Director with effect from 24 June 2014.

Coming year

In the coming year we will continue to 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

Internal control and risk management

The Board has overall responsibility for risk management and internal controls across the Group. This responsibility includes the determination of the nature and extent of the principal risks the Board is willing to take to achieve its strategic objectives and for ensuring that an appropriate culture has been embedded throughout the organisation. 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.

Whilst the Board is responsible for ensuring that an appropriate culture has been embedded throughout the organisation and establishing, 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), 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. Further details of the risk management process, the principal risks and uncertainties faced by the Group and the associated mitigating actions are set out on pages 23 to 26.

The Board's attitude and appetite to risk is communicated to the Group's businesses through the strategy planning processes. 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 considered likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 27. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 32 to 34. 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 £150m committed revolving credit facility (augmented by a £30m 'accordion' option which can be activated to increase the facility) that runs to June 2017. The Group has a broad geographic presence, service offering and extensive client spread ensuring that the Group is not over-dependent on one geography, service line or client. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

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

Relations with shareholders

Dialogue 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 a continuous 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 normally receives feedback 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 meet shareholders if so required. The Company has enjoyed and is appreciative of the significant shareholder support that it has enjoyed in recent years in relation to the Group's remuneration policy, and in particular the Remuneration Committee welcomed shareholders endorsement of the Remuneration Policy and 2013 Annual Remuneration Report at the 2014 AGM. The Company continues to welcome shareholder views with regard to the Group's Remuneration Policy and the Remuneration Committee gives due consideration to such views when raised. Details of Company's response to any shareholder views raised would be included in the relevant year's Remuneration Report.

Constructive use of the Annual General Meeting ('AGM')

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 before and 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 2014 AGM in respect of the 2013 Directors' Remuneration report can be found on page 67. The Directors aim to give as much notice of the AGM and other general meetings as possible, which is at least 20 working days before the meeting in accordance with the UK Corporate Governance Code.

Details of the resolutions to be proposed at the 2015 AGM can be found in the AGM Notice which accompanies this Annual Report and Accounts.

In accordance with the Articles of Association, 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 Companies Act 2006 ('CA 2006') 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 128. Information about the Company is also available on the Company's website (www.savills.com).

Audit Committee Report

Martin Angle
Chairman of the Audit Committee

The Committee welcomes the 2014 UK Corporate Governance Code and the changes that this introduces to Corporate Governance in the UK, and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, both published in September 2014. The changes introduced by the 2014 Code regarding the robust assessment of principal risks and how they are being managed and mitigated, and carrying out a review of the effectiveness of risk management and internal control systems, are already, and will continue to be, focus areas for the 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 and the suitability of the Group's system of internal governance and control (including receiving and considering reports from the Group's Internal Audit team on the Group's businesses and central functions and a broad range of compliance related matters). The Committee will continue to develop 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 has advised the Board that, in its view, the Report taken as a whole is in its opinion fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's position, 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
Liz Hewitt*	3	3
Clare Hollingsworth**	1	1

* Liz Hewitt was appointed as a Director of the Company on 24 June 2014.
** Clare Hollingsworth retired from the Board at the conclusion of the AGM on 12 May 2014.

As at 31 December 2014 and up to the date of this Report, the Audit Committee was composed entirely of Independent Non-Executive Directors. The Board considers the Committee members to have recent and relevant financial experience for the purposes of the UK Corporate Governance Code. Biographical details of the Committee members are shown on page 40.

The Committee met four times during the year and there was full attendance at all meetings by all members, as shown in the table on page 45.

Although they are not members of the Committee the Non-Executive Chairman, Group Chief Executive, Group Chief Financial Officer, Group Financial Controller, Group Director of Risk & Internal Audit and Group Legal Director & Company Secretary attend each meeting, as does the lead audit partner from the Group's External Auditors. Other senior executives from across the Group are invited to present such reports as are required for the Audit Committee to discharge its duties.

The Chairman of the Committee meets informally and is in regular contact with the Group Chief Financial Officer, Group Director of Risk & Internal Audit and Group Legal Director & Company Secretary and senior members of the external audit team. This group develops the Committee's proposed annual work plan for consideration by the Committee and generally meets ahead of each full Committee meeting to prepare and identify key areas for consideration by the Committee. The Committee meets separately with the External Auditors without management being present.

The Chairman of the Committee also attends the AGM to respond to any 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 Liz Hewitt. Liz Hewitt will become Committee Chairman when Martin Angle stands down as Committee Chairman (although he will remain a Committee member) at the conclusion of the 2015 AGM.

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 and meetings with senior management. 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 in the governance section of 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, including 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.

Main activities and responsibilities of the Committee during the financial year

The Committee works to a planned programme of activities focused on key events in the annual financial reporting cycle. This includes standing items that the Committee 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 business management and the heads of key functions 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:

Responsibilities	How the Committee discharged its responsibilities
Financial Reporting	Review and discussion of the key accounting considerations and judgements reflected in the Group's results for the half year ended on 30 June 2014
	Review and discussion of the key accounting considerations and judgements reflected in the Group's results for the year ended on 31 December 2014
External Audit	Agreement of the external audit strategy and scope for the year ended 31 December 2014.
	Considering and where appropriate approving the instruction of the Group's External Auditors on non-audit assignments during the year ended 31 December 2014
	Review and consideration of the External Auditors' Report for the year ended 31 December 2014, including the External Auditors' observations on the Group's Internal Control environment
	Discussed the External Auditors' performance during the year
Compliance, Whistle-blowing and Fraud	Review of the Group's whistle-blowing arrangements, reports made under these arrangements during the year ended 31 December 2014 and the result of consequent investigations
Internal Audit	Reviewing and approving the internal audit plan
	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
Internal Controls and Risk Management Systems	Reviewing and considering the Group's risk registers and advising the Board on risk appetite
	Review the work and effectiveness of the Group Risk Committee
	Review of the effectiveness of the Group's risk management system and internal controls in place to manage the Group's principal risks.

In particular during the year, the Committee's actions included developing our assurance framework in support of the 3 Lines of Defence model. The Committee also reviewed the Group's response to the extended financial sanctions regime introduced globally during the year, the implementation of the Group's Code of Conduct (which, in particular, addresses bribery and corruption risks), and the effectiveness of the European business' control framework. Tax and treasury risks were also reviewed to ensure that effective controls were in place and that the Group's treasury risk appetite continued to be met following the major acquisition of Savills Studley, Inc. in 2014.

Financial reporting and significant accounting issues

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

Matter considered	Action
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 other than in relation to the carrying value of the Group's investment in Cordea Savills Italian Opportunities No. II Fund, where an impairment charge of £0.6m was recorded (reducing the carrying value to £0.5m) reflecting market conditions in Italy and the fact that this closed fund reaches the end of its scheduled life in 2015, no further 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
Provisions for Litigation	The Committee reviewed the provisions held in relation to each significant legal case and assessed the appropriateness of these as at 31 December 2014 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
Accounting for the acquisition of Studley, Inc	The Committee considered the accounting treatment of the acquisition of 100% of Studley, Inc. by the Group on 30 May 2014 for a total payment of up to £153m. Provisional goodwill of £88.1m and other intangible assets of £4.1m had been recognised on acquisition in the half year accounts. These figures had subsequently been adjusted for the disposal of Studley's investment in AOS Holdings S.A. in France in October 2014 (£2.5m adjustment). After review, the Committee agreed that the acquisition had been appropriately accounted for and disclosed in the financial statements
Regulatory compliance obligations	During the year the Committee reviewed the Group's policies and procedures around regulatory risks, including but not limited to: – whistle-blower reports; – reports on anti bribery and corruption procedures; and – the Group's Client Acceptance procedures, with particular reference to the Group's Anti-Money Laundering procedures and the introduction of extended financial sanctions regimes globally. The Committee was satisfied that there were no significant issues in this area.

Internal Audit

The provision of Internal Audit services during 2014 was delivered by the Group's Internal Audit team with support from external adviser, BDO LLP, where appropriate. The Board's responsibility for internal control and risk is detailed on page 36 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 Director of Risk & 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 Auditors on any issues identified during the course of their work.

Assessment of Risk Management and Internal Control

The Audit Committee, on behalf of the Board, reviewed the effectiveness of the system of risk management and internal control. As a result, it is considered that the Board has fulfilled its obligations under the UK Corporate Governance Code. In performing its review of effectiveness, the Committee considered the following reports and activities:

- internal audit reports on the review of the controls across the Group and the monitoring of management actions arising from these reviews;
- management's own assessment of risk and the performance of the system of risk management and internal control during 2014;
- reports from the Group Director of Risk & Internal Audit including reports on Group wide risk assessment activity and annual self assessment findings; and
- reports from the External Auditors 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 reappointment 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 External 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 reappointed as External Auditors for a further year. Accordingly, a resolution recommending their reappointment will be put to shareholders at the 2015 AGM.

In 2012, the Financial Reporting Council ('FRC') amended the UK Corporate Governance Code to require audit tendering every 10 years on a comply or explain basis for FTSE350 Companies such as Savills. This new provision applies to financial years beginning on or after 1 October 2012. The FRC also suggested non-binding transitional arrangements with respect to audit tendering. The UK Corporate Governance Code provisions with regards to appointments of statutory auditors and the requirement to conduct mandatory tenders every 10 years continue to apply to the Company and the Company is required to comply with such provisions of the Code or explain any non-compliance.

On 26 September 2014, the Competition Commission ('CC'), now the Competition Markets Authority ('CMA'), published its final Order on mandatory audit tendering for FTSE350 Companies such as Savills. This Order came into effect on 1 January 2015 and applies to financial years beginning on or after 1 January 2015. The Order confirms that FTSE350 Companies will need to undertake a tendering process in respect of their statutory audit services at least every 10 years. Furthermore, if a company has not completed a tendering appointment process of statutory auditors for five consecutive financial years, the Order requires the Audit Committee of such company to state in its annual report when the Company intends to conduct the tender and why such proposed date is in the best interests of the Company (and such statement must be repeated in each subsequent report until a competitive tender is conducted).

The requirement for conducting mandatory audit tenders every 10 years is subject to transitional arrangements set out in the Order and, accordingly, this requirement does not apply to PwC's proposed reappointment as External Auditors which will be proposed to the shareholders at the 2015 AGM.

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 next lead partner change is scheduled for 2016.

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 the External Auditors' engagement, rotation of the lead partner and the provision of non-audit services by the External 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 £1.2m for audit services. PwC also provided certain non-audit services to the Group, principally advice on taxation and transaction related matters, for which it was paid a further £1.6m. PwC were engaged on transaction related matters, principally the Studley, Inc. acquisition to provide an understanding of the prospective integration and to consider the cultural fit of the two organisations. Details of the fees paid to the External Auditors can be found in Note 7.3 to the financial statements. Contracts for non-audit services in excess of £0.1m 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 and independence has not been impaired by reason of this further work. However, in line with the 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.

Annual statement

Tim Freshwater
Chairman of the Remuneration Committee

Governance

This Report has been prepared on behalf of the Board by the Remuneration Committee (the '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 External Auditor's Report on pages 71 to 75 as specified by the UK Listing Authority and the Regulations.

2010–2014 Overview

Underlying Profit	▲ 112%
Dividend Payments to Shareholders*	▲ 86%
Executive Director Remuneration**	▲ 89%
Total Shareholder Return	▲ 150%

* The dividend cost for 2014 comprises the cost of the final dividend recommended by the Board (amounting to £9.4m), payment of which is subject to shareholder approval at the Company's Annual General Meeting ('AGM') scheduled to be held on 13 May 2015, the cost of the supplemental dividend (£15.5m) declared by the Board on 18 March 2015 (payable to shareholders on the Register of Members as at 17 April 2015) and the interim dividend (£4.9m) paid on 13 October 2014.

** Executive Director remuneration comprises the remuneration paid to the Group Chief Executive and Group Chief Financial Officer job holders between 1 January 2010 and 31 December 2014. Since 1 July 2010 the Executive Director representation on the Board has comprised these job holders.

Dear Shareholder

On behalf of the Board, I am pleased to introduce our 2014 Directors' Remuneration Report (the 'Report') which sets out Savills remuneration philosophy and policy in relation to Directors' remuneration ('Remuneration Policy') and how this was implemented in the year ended 31 December 2014. The implementation part of the Report and my letter (together the 'Annual Remuneration Report') will be presented for approval by shareholders at the 2015 AGM on 13 May 2015.

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 Remuneration 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, Group Executive Board members and senior fee-earners are set significantly below market medians for similar businesses, with a greater emphasis on the performance related elements of profit share and/or, outside the UK, commission in the total reward package.

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 65%–70% of revenues (taking into account the acquisition of Studley, Inc. in the US where broker commission is typically higher than elsewhere in the world but broker remuneration is 100% variable).

2014 performance and remuneration

Savills delivered an excellent performance in 2014, delivering results significantly above expectations. Key highlights for the year included: Underlying profit of £100.5m which represented 34% growth on 2013 at an improved underlying profit margin of 9.3% (2013: 8.3%) following revenue growth of 19% on 2013. In addition to this excellent financial performance, 2014 also saw strong progress in the delivery the Group's longer-term strategic objectives, in particular the acquisition of Studley, Inc., which provides the Group with a significant US footprint and a strong platform for further growth both in the US and through referrals from/to existing Savills businesses in Asia and Europe. Reflecting the Group's excellent performance in 2014 the Committee considered it appropriate to approve annual performance related profit share awards of 100% of the maximum potential for the Executive Directors.

The Group has also continued to deliver strong longer-term performance, which is demonstrated by an increase in underlying earnings per share by 23.9% p.a. and total shareholder return of over 134% during the three year period to 31 December 2014. In light of this performance, the 2012 Performance Share Plan award is due to vest at 100% of maximum in April 2015.

Underlying Profit
£100.5m +33.6%

Underlying Earnings per Share ('EPS')
55.2p +28.1%

Total Shareholder Return ('TSR') (rebased)
1 year to 31 December 2014

2015 remuneration

Base salaries

As in previous years, the Committee reviewed the base salaries of the Executive Directors during the course of 2014. During its review, the Committee was mindful of the Group's philosophy of placing greater emphasis on variable, performance-related remuneration, while recognising that base salaries for the Executive Directors had not been increased for at least the past five years, while the size and complexity of the business now has grown significantly, with

– a more than 100% increase in the market capitalisation of the Group from c.£422m to c.£917m as at the end of December 2014;
– revenues in the five years having almost doubled from £560.7m to, in 2014, £1,078.2m, accompanied by strong growth in underlying profit from £25.2m to, in 2014, £100.5m;
– the employee base of the Group increasing from c.20,000 employees to c.27,000 employees as at December 2014; and
– the Group having made very strong progress in delivering its strategic objectives, in particular in terms of extending its geographic footprint (which now includes the US) and service line offering.

Taking into account the above and the cumulative increase in base salaries of senior directors in the business over the five-year period, the Committee agreed that it would be appropriate to increase the base salaries for the Executive Directors with effect from 1 March 2015 as follows:

– Group Chief Executive to £275,000 p.a. (from £225,000 p.a.); and
– Group Chief Financial Officer to £210,000 p.a. (from £175,000 p.a.).

Notwithstanding these increases, the base salaries for the Executive Directors will continue to be positioned significantly below market median against the FTSE 250 and overseas comparable companies in accordance with our established approach.

Given the structure of our incentive arrangements, unlike other listed companies, the salary increase will have little impact on the incentive opportunity, as the maximum annual performance related profit share is not based on a percentage of salary. In line with our policy, we do not intend to make annual incremental changes to salary going forward but reserve the right to review salaries periodically.

Clawback

Following the publication of the 2014 UK Corporate Governance Code ('2014 Code'), the Committee reviewed the malus and clawback provisions in place on all of the variable, performance related remuneration arrangements for the Executive Directors. Clawback provisions already applied to the cash element of the annual performance related profit share and malus provisions to the deferred element of the annual performance related profit share. Consistent with the 2014 Code, the Committee determined that clawback and malus provisions should be extended across the cash and the share elements of the annual performance related profit share and also to the Performance Share Plan. Shares and/or cash will be at risk of clawback for up to two years after the award vested or an option became exercisable (or in the event of a regulatory or criminal enquiry ongoing at that two year point until six months after that enquiry has ended). The recovery will be on a net (i.e. after tax) basis unless relevant tax is recoverable when it will be on a gross basis.

The Committee also reviewed the circumstances in which malus and clawback could apply and determined that it would be appropriate to extend the established malus and clawback provisions so that they encompass the following: a material misstatement of the Group's financial results; serious misconduct by the individual; and a factual error in calculating an award or vesting. The malus provision has also been extended to include other exceptional developments which have an actual or potential material adverse effect on the value or reputation of the Group as determined by the Committee.

The Committee is appreciative of the significant shareholder support that it has enjoyed in recent years and welcomed shareholders' endorsement of the Remuneration Policy and the 2013 Annual Remuneration Report at the 2014 AGM. We hope that you find this year's Annual Remuneration Report just as clear and informative and that you will continue to support us by voting in favour of the resolution at this year's AGM on 13 May 2015.

Finally, on behalf of the Committee, I want to take the opportunity to thank Clare Hollingsworth, who served as Chairman of the Committee until May 2014, for her contribution.

Tim Freshwater
Chairman of the Remuneration Committee

Annual Report on Remuneration

Role of the Committee

The principal role of the 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 Group Executive Board 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.

Committee members and attendees

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

Committee member	Position	Status
Tim Freshwater	Chair of the Committee (from 12 May 2014)	Independent
Martin Angle	Member of the Committee	Independent
Liz Hewitt (appointed 24 June 2014)	Member of the Committee	Independent
Peter Smith	Member of the Committee	Non-Executive Chairman
Clare Hollingsworth (retired 12 May 2014)	Chair of the Committee (to 12 May 2014)	Independent

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 (except when his own remuneration is discussed) as well as acting as Secretary to the Committee

Meetings

Attendance table

Committee member	Meetings attended	Meetings eligible to attend
Tim Freshwater	3	3
Martin Angle	3	3
Liz Hewitt (appointed 24 June 2014)	1	1
Peter Smith	3	3
Clare Hollingsworth (retired 12 May 2014)	2	2

As at 31 December 2014 and up to the date of this Report, the Committee comprised Independent Non-Executive Directors and the Non-Executive Chairman. Biographical details relating to each of the Committee members are shown on page 40.

The 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;
– preparing an Annual Remuneration Report and Remuneration Policy consistent with the legislation relating to executive remuneration;
– agreeing the remuneration packages of the Executive Directors and reviewing those of Group Executive Board members;
– approving the grant of Performance Share Plan awards; and
– approving the grant of share awards to fee-earners and senior managers across the Group.

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 Group Executive Board. 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 Group Executive Board members.

Advisors 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 advisor Deloitte LLP. Deloitte is a member of the Remuneration Consultants Group, and adheres to the voluntary code of conduct in relation to executive remuneration consulting in the UK. Deloitte's fees are based on a time and material basis, within the parameters of an overall annual budget. In 2014, Deloitte received fees of £73,400 in relation to advice provided to the Committee.

The Committee is satisfied that the advice received from 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).

Remuneration Policy

The Group's remuneration arrangements for the Executive Directors, Group Executive Board members and senior fee-earners are structured to provide a competitive mix of variable performance related (i.e. annual performance 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 Group Executive Board 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 Remuneration Policy and its application to the Executive Directors are described in more detail in the pages which follow. The information in this Report has not been audited unless otherwise stated.

Overview of the Remuneration Policy

The chart and table below and accompanying tables on pages 55 to 57 and then pages 60 to 64, together provide an overview of the different elements of remuneration, their purpose and linkage to our corporate strategy, and the key features of each component.

Fixed remuneration

Base Salary

Pension – Defined contribution

Benefits include – Private medical insurance and car/car allowance

Variable remuneration

Near term – Annual Performance Related Profit Share

- Delivered in part in cash immediately (subject to clawback)
- Delivered in part in the form of shares, deferred for three years (subject to malus and clawback)

Long term – Performance Share Plan ('PSP')

Awards vest subject to satisfaction of performance conditions, currently comparative TSR performance (50% of award) and EPS growth (50% of award) (subject to malus)

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 under the Performance Share Plan.

Remuneration Policy

The following sets out the Remuneration Policy, which was approved by shareholders at the 2014 AGM. There have been no changes in the Remuneration Policy since the 2014 AGM. To provide consistency with the remainder of the Report, salaries shown are 2015 salaries and the scenario charts and Performance Share Plan awards have been updated for the operation of the policy in 2015. Details of service contracts have also been updated.

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 2015 salaries are (with effect from 1 March 2015): – Group Chief Executive: £275,000. – Group Chief Financial Officer: £210,000. 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 2015 the pension contribution arrangements are: – Group Chief Executive: 14% of annual base salary. – Group Chief Financial Officer: 18% of annual base salary. As part of the funding arrangements agreed when the Plan was closed to future accrual in 2010, 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 annual pension 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 tax-advantaged Company Share Option Plan options. 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 2015 is: – Up to £550k for the Group Chief Executive. – Up to £350k 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 Performance Share Plan. No more than 25% of an award vests for threshold performance.
UK tax advantaged all-employee share plans			
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 statutory 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 65 of this Report.

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

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 Remuneration Policy set out above where the terms of the payment were agreed before the Remuneration Policy came into effect or at a time when the relevant individual was not a Director and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director. 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. (Note: Accurate as at 12 May 2014 when the policy report was approved. Following the publication of the 2014 UK Corporate Governance Code, the Committee determined that clawback and malus provisions should be extended across the cash and the share elements of the annual performance related profit share and also to the Performance Share Plan as set out on page 62.)

The Committee may, at its discretion, vary the proportion of annual performance related profit share deferred into shares.

The Performance Share Plan will be operated in accordance with the rules of that 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 no performance or an alternative 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 Performance Share Plan, the use of a mix of relative shareholder return and earnings per share for 2015 awards ensures that the Executive Directors and Group Executive Board members 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 Performance Share Plan, any new measure would be selected to be consistent 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 Performance Share Plan.

The performance targets for the Performance Share Plan 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 (e.g. merger and acquisition activity), capital events or changes to accounting rules to ensure that targets remain appropriate.

Remuneration arrangements throughout the Group

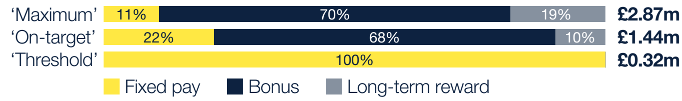
The remuneration policy for Executive Directors follows the same key principle as that for all senior employees in the Group – that salaries are below the market median with a greater emphasis on variable, performance related remuneration. Any differences in the specific policies generally reflect differences 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 Group Executive Board members are currently eligible to receive awards under the Performance Share Plan on an annual basis. Other senior staff may be granted share awards under the Company's Deferred Share Plan at the discretion of the Committee, for example if there are particular business reasons for applying a retention element to remuneration.

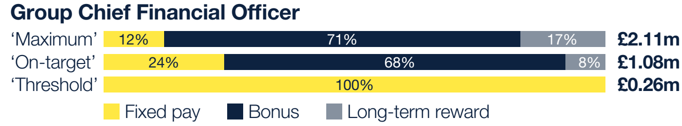
Illustrations of application of the Remuneration Policy

The charts opposite illustrate how much the current Executive Directors could earn under three different performance scenarios for 2015: 'Threshold', 'On-target performance' and 'Maximum' – based on the assumptions below:

Group Chief Executive



Group Chief Financial Officer



Element in the above chart	Component	'Threshold'	'On-target'	'Maximum'
Fixed Pay	Base salary	2015 annual base salary		
	Pension	14% of salary for the Group Chief Executive; 18% of salary for the Group Chief Financial Officer		
	Benefits	Annual taxable value of benefits provided in 2014		
Annual reward	Annual performance related profit share	0% of maximum award	49% of maximum award	Group Chief Executive – £2,000,000 Group Chief Financial Officer – £1,500,000
Long-term reward	Performance Share Plan	0% of maximum award	25% of maximum award	Group Chief Executive – £550,000 Group Chief Financial Officer – £350,000
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 Performance Share Plan 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 LR 9.4.2 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 Performance Share Plan awards) for a new recruit would be consistent with the approved Remuneration Policy in the table above (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 Performance Share Plan 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. **Performance Share Plan** In the event that a participant is a 'good leaver' any outstanding unvested Performance Share Plan 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 (e.g. 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 Performance Share Plan 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 2014, 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	31 December 2017
Liz Hewitt	24 June 2014	24 June 2017
Charles McVeigh	1 August 2000	1 August 2015

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 2014

Set out below are details of Executive Director remuneration for 2014.

Executive Directors' 'single figure' for the financial year ended 31 December 2014 and as a comparison for the financial year ended 31 December 2013 (audited).

	Jeremy Helsby		Simon Shaw	
	2014 £	2013 £	**2014 £**	2013 £
Salary	**225,000**	225,000	**175,000**	175,000
Benefits[1]	**11,066**	10,782	**11,216**	11,216
Pension: contribution	**45,000**	45,000	**31,500**	31,500
Pension: defined benefit deferred pension[3]	**15,603**	18,428	**–**	–
Annual profit share – cash[2]	**1,340,000**	1,199,422	**1,016,000**	916,589
Annual profit share – deferred shares[2]	**600,000**	462,115	**444,000**	346,409
Near term remuneration	**2,236,669**	1,960,747	**1,677,716**	1,480,714

The aggregate near term remuneration paid to the Executive Directors in the year ended 31 December 2014 was £3.9m (2013: £3.4m).

Notes:
1. Benefits comprise private medical insurance and car allowance.
2. The 2014 and 2013 figures exclude any charity/pension waiver. For 2014, Jeremy Helsby waived £60,000 (2013: £50,000) and Simon Shaw waived £40,000 (2013: £20,000) in favour of contributions to registered charities.
3. The cost reflects the annual uplift in the defined benefit pension, which applies to all deferred pensions under the defined benefit pension plan.
4. For 2014 the notional value of the Performance Share Plan award with a performance period which ended on 31 December 2014 (i.e. where the award will vest in April 2015) has been valued based on the number of shares that will vest and the three month average share price for the period to 31 December 2014 (630.2 pence per share). For 2013 the value shown has been to reflect the actual market value of the shares at the date of vesting which was 623.75p per share of the Performance Share Plan award. This value was unknown at the date of the 2013 Annual Report and Accounts, which is now known as 623.75p per share. The estimates provided for long-term share based reward in last year's report in respect of 2013 were: Jeremy Helsby £612,462 and Simon Shaw £382,789. In each case the notional and actual value has been split between the relevant value on the date of the original award of the relevant shares (the Performance Share Plan – performance element) and subsequent increase in value (Performance Share Plan – share price appreciation).

	Jeremy Helsby		Simon Shaw	
	2014 £ Notional	2013 £ Actual	**2014 £ Notional**	2013 £ Actual
Gain on long-term share based awards				
Performance Share Plan-performance element[4]	**450,000**	450,000	**250,000**	250,000
Performance Share Plan-share appreciation element[4]	**349,068**	219,490	**193,925**	168,418
Long-term share based reward (non cash)[4]	**799,068**	669,490	**443,925**	418,418
Total i.e. 'Single Figure'	**3,035,737**	2,630,237	**2,121,641**	1,899,132

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

Performance-related remuneration for 2014

Annual performance-related profit share

Reflecting the Group's excellent performance in 2014, profit share awards of 100% of maximum potential were earned by the Executive Directors (compared to approximately 86% in respect of 2013). For Jeremy Helsby, one third of the award was deferred for a further three year period in the form of Savills shares, of which Jeremy Helsby elected to waive £60,000 to charity. For Simon Shaw, 30% of the award was deferred for a further three years in the form of Savills shares. Simon Shaw elected to waive £40,000 of his award to charity.

The following near-term performance measures applied to the 2014 annual performance-related profit share arrangements:

70% of the award was based on profit performance, defined as underlying profit 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)
£78m	£98m	£100.5m	100%

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

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

Jeremy Helsby's key achievements in the year included:
– the completion of the acquisition and successful integration of Savills Studley;
– delivering the further targeted improvement in the Group's overall margin;
– progressing the expansion of the Group's geographic footprint in Asia and progressing the further expansion of the Cordea Savills investment platform; and
– broadening and strengthening the Group's service line offerings in all markets.

Simon Shaw's key achievements in the year included:
– negotiating the acquisition of Savills Studley;
– identifying opportunities to increase the scale of Cordea Savills and, where agreed by the Board, delivering such opportunities;
– ensuring that the Group maintained a strong control environment; and
– continuing to develop the Group's investor relations programme.

Long-term incentives

The Performance Share Plan award granted in 2012 will vest in April 2015, subject to performance in the three years to 31 December 2014. 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 2014 were as follows:

	Peter Smith (Chairman)(1)	Martin Angle(2)	Tim Freshwater(2)	Liz Hewitt (appointed 24 June 2014)	Clare Hollingsworth(2) (retired 12 May 2014)	Charles McVeigh(2)
Basic Fee	£157,500	£47,500	£47,500	£25,000	£16,364	£47,500
Additional fees						
Senior Independent Director		£5,000				
Remuneration Committee Chairman			£4,773		£2,727	
Audit Committee Chairman		£10,000				
2014 Total	£157,500	£62,500	£52,273	£25,000	£19,091	£47,500
2013 Total	£150,000	£60,000	£45,000	–	£52,500	£45,000

Notes:
1 The Chairman's fee increased from £150,000 to £165,000 p.a. effective 1 July 2014.
2 The annual base fee for Non-Executive Directors was increased from £45,000 to £50,000 p.a. effective 1 July 2014. There were no changes to the fees for acting as a chairman of a committee (Audit Committee – £10,000 and Remuneration Committee – £7,500) or as the Senior Independent Director – (£5,000).

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 will be no increases to the Non-Executive Director fee levels in 2015.

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

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

Operation of policy in 2015

Base salary

As set out in the Remuneration Committee Chairman's letter, the Committee reviewed the base salaries of the Executive Directors during the course of 2014. During its review, the Committee was mindful of the Group's philosophy to place greater emphasis on variable, performance related remuneration, whilst recognising that base salaries for the Executive Directors had not been increased for at least the past five years, while the size and complexity of the business has grown significantly:

- a more than 100% increase in the market capitalisation of the Group from c.£422m to c.£917m as at the end of December 2014;
- revenues in the five years having almost doubled from c.£560.7m to, in 2014, £1,078.2m, accompanied by strong growth in underlying Profit Before Tax from £25.2m to, in 2014, £100.5m;
- the employee base of the Group increasing from c.20,000 employees to c.27,000 employees as at December 2014; and
- the Group having made very strong progress in delivering its strategic objectives, in particular in terms of extending its geographic footprint (which now includes the USA) and service line offering.

Taking into account the above and the cumulative increase in base salaries of senior Directors in the UK business over the five-year period the Committee agreed that it would be appropriate to increase the base salaries for the Executive Directors with effect from 1 March 2015 as follows:

- Group Chief Executive to £275,000 per annum (from £225,000 per annum); and
- Group Chief Financial Officer to £210,000 per annum (from £175,000 per annum).

Following the increases, in line with our policy, the base salaries for the Executive Directors will continue to be positioned significantly below market median against the FTSE 250.

Variable remuneration

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 profit share targets to be commercially sensitive and disclosure will therefore be on a retrospective basis.

The remuneration policy is for maximum awards of 200% of salary. The awards for 2015 will be:

- £550,000 for the Group Chief Executive; and
- £350,000 for the Group Financial Officer.

As with the 2014 awards, the EPS targets for 50% of the award will be as follows:

- 25% (i.e. threshold) of the element to vest if the Company's EPS growth is RPI plus 3% p.a. compound;
- 100% (i.e. the maximum) of the element to vest if the Company's EPS growth is RPI plus 10% p.a. compound or more. 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.

Clawback and malus

Following the publication of the 2014 UK Corporate Governance Code, the Committee determined that clawback and malus provisions should be extended across the cash and the share elements of the annual performance-related profit share and also to the Performance Share Plan.

The Committee also reviewed the circumstances in which malus and clawback could apply and determined that it would be appropriate to extend the established malus and clawback provisions so that they encompass the following: a material misstatement of the Group's financial results; serious misconduct by the individual; and a factual error in calculating an award or vesting. The malus provision has also been extended to include other exceptional developments which have an actual or potential material adverse effect on the value or reputation of the Group as determined by the Committee.

Clawback will apply for a two-year period post the vesting of awards. In the event of a regulatory or criminal enquiry ongoing at that point, the clawback period will be extended to a six-month period post the conclusion of such an event.

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 2014 and 2013.

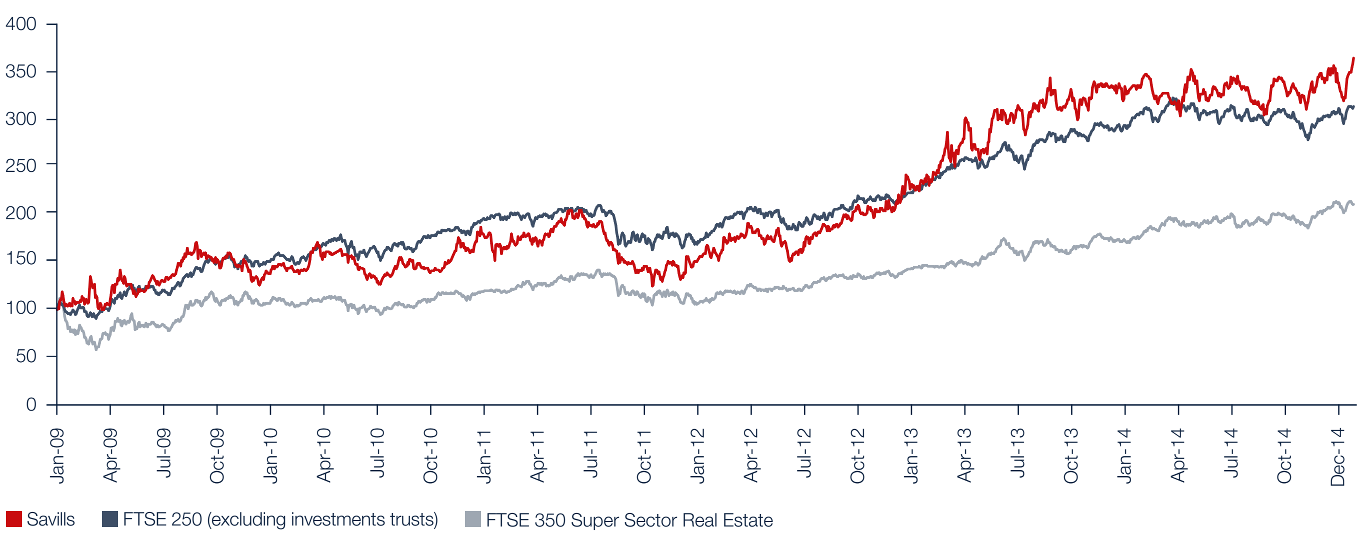
	2014 £m	2013 £m	% increase
Employment costs	**695.3**	567.0	23%
Underlying profit before tax	**100.5**	75.2	34%
Dividend payment to shareholders	**29.8**	24.5	22%
Executive Director remuneration	**3.9**	3.4	15%
Tax	**80.8**	72.2	12%

- 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 2014 comprises the cost of the final dividend recommended by the Board (amounting to £9.4m), payment of which is subject to shareholder approval at the Company's AGM scheduled to be held on 13 May 2015, and the cost of the supplemental dividend (£15.5m) declared by the Board on 18 March 2015 (payable to shareholders on the Register of Members as at 17 April 2015) and the interim dividend (£4.9m) paid on 13 October 2014 and is based on the number of shares in issue as at 31 December 2014.
- Executive Director remuneration comprises the remuneration paid to the Group Chief Executive and Group Chief Financial Officer role holders.

Total shareholder return and Group Chief Executive remuneration

The total shareholder return delivered by the Company over the last six years is shown in the chart below. Over this period the Company has delivered total shareholder return of 24% per annum (FTSE 250 (excluding investment trusts): 21% per annum; FTSE 350 Super Sector Real Estate: 13% per annum). Savills was ranked 66th by TSR performance in the FTSE 250 (excluding investment trusts) and ranked fifth by performance in the FTSE 350 Super Sector Real Estate over the six years to 31 December 2014.

Total Shareholder Return ('TSR') (rebased)
6 years to 31 December 2014



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%
2014	3,035	100.5	+34	100	100
2013	2,630	75.2	+28	86	100
2012	1,786	58.6	+16	65	100
2011	1,268	50.4	+7	49	0
2010	1,178	47.3	+88	45	n/a
2009	771	25.2	-24	27	0

As shown in the table above, the Group Chief Executive's total remuneration increased 15.4% year on year. Total remuneration in 2012, 2013 and 2014 includes, as required, the notional value of Performance Share Plan 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 Group Chief Executive's base salary was unchanged in 2014 (as it was in 2013), which compares to an overall salary increase across UK Group employees of 1.5% for the 2014 financial year.

Group Chief Executive pay increase in relation to all UK employees

	Percentage change in remuneration from 31/12/2013 to 31/12/2014		
	Percentage change in base salary %	Percentage change in benefits %	Percentage change in profit share award %
Group Chief Executive	0.0%	2.6%	16.8%
All UK employees	1.5%	2.5%	9.8%

Note: Salary, benefits and bonus is compared against full-time equivalent UK employees. The UK workforce was chosen as a suitable comparator group as Jeremy 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

During 2014, the Group Chief Executive received a non-pensionable salary supplement equal to 20% of pensionable earnings. From March 2015 this reduced to 14% per annum. For the Group Chief Financial Officer, the Company contributes 18% per annum 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 2014	Defined benefit pension accrued at 31 December 2013	Defined benefit pensions value for 2014 remuneration table	Defined benefit pensions value for 2013 remuneration table
Jeremy Helsby	58,945	56,636	15,603	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. Jeremy 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 2014 are shown below:

Executive Directors	Number of shares (including beneficially held under the SIP)	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
Jeremy Helsby	604,849	114,386	201,796	173,695	403%
Simon Shaw	100,869	186,267	112,108	125,295	96%*

* Subsequent to the year end, Simon Shaw has exercised his remaining ESOS awards and as at 18 March 2015 beneficially held or had a beneficial interest in 155,471 shares, so meeting the shareholding requirement.

The Company applies shareholding requirements of 150,000 shares for the Group Chief Executive and 105,000 shares for the Group Chief Financial Officer. New 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. As required by the UK Corporate Governance Code 2014, the Committee has given consideration as to whether the Executive Directors should be required to hold a minimum number of shares and to hold shares for a further period after the vesting or exercise of awards, including for a period after leaving the Company. The Company has a long established shareholding requirement for the Executive Directors and Group Executive Board members which the Committee considers remains appropriate; at the current time, particularly taking into account that the Executive Directors and Group Executive Board Members have very significant shareholdings in the Company.

Non-Executive Directors	At 31 December 2014
Martin Angle	–
Tim Freshwater	–
Liz Hewitt	3,400
Charles McVeigh	–
Peter Smith	20,000

As at 18 March 2015, no Director had bought or sold shares since 31 December 2014, with the exception of Simon Shaw who retained 54,547 shares following an exercise of ESOS options over 186,267 shares on 8 January 2015 and, as a participant in the SIP, has acquired 55 shares through the SIP since 31 December 2014. As at 18 March 2015 Simon Shaw holds 155,471 shares.

The Sharesave Scheme

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

Scheme interests granted in 2014

The following table sets out details of awards made under the Performance Share Plan in 2014.

	Type of award	Basis of award (face value)	Performance period	% vesting for threshold performance	% vesting for maximum performance	Performance criteria
Jeremy Helsby	Nil-cost options	£450,000	1 January 2014 to 31 December 2016	25%	100%	– 50% of award Earnings per share growth – 50% of award Relative total shareholder return against the FTSE 250 (excluding investment trusts)
Simon Shaw	Nil-cost options	£250,000				

Awards were also made during the year under the Deferred Share Bonus Plan. Details of awards under this plan are set out on page 67. The face value of awards under the Deferred Share Bonus Plan is based on the share price used to determine the number of shares for the vast majority of the participants.

The Performance Share Plan ('PSP')
Number of shares

Directors	At 31 December 2013	Awarded during year	Tax advantaged Approved/ Unapproved	Vested during year	At 31 December 2014	Closing mid-market price of a share the day before grant	Market value at date of vesting	First vesting date
Jeremy Helsby	97,016	–	Unapproved	97,016	–	412.3p	623.75p	27.05.14
	118,343	–	Unapproved	–	118,343	354.9p	–	17.04.15
	8,453	–	Tax advantaged	–	8,453	354.9p	–	17.04.15
	–	75,000	Unapproved	–	75,000	600.0p	–	12.08.17
Simon Shaw	60,635	–	Unapproved	60,635	–	412.3p	623.75p	27.05.14
	70,442	–	Unapproved	–	70,442	354.9p	–	17.04.15
	–	41,666	Unapproved	–	41,666	600.0p	–	12.08.17

Awards over 157,651 shares and 16,763 shares in lieu of dividends vested under the PSP to Executive Directors during the year. A subscription cost of 2.5p nominal value per share is payable on actual receipt of shares. The total pre-tax gain on awards vested during the year was £1,083,547.

The Executive Share Option Scheme (2001) ('ESOS')
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, having satisfied performance criteria attaching to them.

Number of shares

Directors	At 31 December 2013	Granted during year	HMRC Approved/ Unapproved	Exercised during year	Lapsed during year	At 31 December 2014	Market price on date of exercise	Exercise price per share	Date normally first exercisable	Expiry date
Jeremy Helsby	114,386	–	Unapproved	–	–	114,386	–	340.95p	19.04.13	19.04.20
Simon 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

No options granted under the ESOS were exercised by Directors during the year.

The Deferred Share Bonus Plan ('DSBP')
Number of shares

Directors	At 31 December 2013	Awarded during year	Vested during year	At 31 December 2014	Closing mid-market price of a Savills plc share the day before grant	Market value at date of exercising	Normal vesting date
Jeremy Helsby	76,238	–	76,238	–	363.2p	624.25p	30.03.14
	48,100	–	–	48,100	350.6p	–	19.04.15
	54,828	–	–	54,828	549.5p	–	26.06.16
	–	70,767	–	70,767	653.0p	–	13.05.17
Simon Shaw	63,986	–	63,986	–	363.2p	624.25p	30.03.14
	32,676		–	32,676	350.6p	–	19.04.15
	39,571	–	–	39,571	549.5p	–	26.06.16
	–	53,048	–	53,048	653.0p	–	13.05.17

Under the DSBP awards over 140,224 shares and 9,156 shares in lieu of dividends vested to Executive Directors during the year. The total pre-tax gain on awards vested during the year was £932,505. No DSBP awards lapsed.

During the year, the aggregate gain on the exercise of share options and shares vested was £2,016,052. The mid-market closing price of the shares at 31 December 2014 was 680p and the range during the year was 571.5p to 680.0p.

Exit payments
No Executive Directors left the Company during the year ended 31 December 2014. No payments for compensation for loss of office were paid to, or receivable by, any Director for that or any earlier year.

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 Group Executive Board 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 Group Executive Board member's position within Savills, the fees are paid directly to Savills.

During 2014, 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 Remuneration Policy and the 2013 Annual Remuneration Report at the AGM held on 12 May 2014.

	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*'
Annual Remuneration Policy	91,230,892	99.68%	290,799	0.32%	91,521,691	3,672,289
2013 Annual Directors' Remuneration Report	94,307,024	99.63%	351,614	0.37%	94,658,638	535,242

* A vote withheld is not a vote in law.

Directors' Report

In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual report and accounts, where applicable, under LR 9.8.4, is set out in this Directors' Report or can be found in other sections of the Annual Report and Accounts as detailed in the table below.

Details of any arrangement under which a shareholder has agreed to waive any dividends	69

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 £62.1m (2013: £50.8m).

Dividend

An interim dividend of 3.75p per ordinary share amounting to £4.89m (2013: £4.5m) was paid on 13 October 2014. It is recommended that a final dividend of 7.25p per ordinary share (amounting to £9.4m) is paid, together with a supplemental interim dividend of 12p per ordinary share (amounting to £15.5m) to be declared by the Board on 18 March 2015, on 18 May 2015 to shareholders on the register at 17 April 2015. 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 27 and incorporated into this report by reference.

The principal risks and uncertainties are detailed on pages 23 to 26 and incorporated into this report by reference.

Directors

Short biographical details of the current Directors are shown on page 40. 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 retired from the Board at the conclusion of the AGM on 12 May 2014 following which Tim Freshwater became the Chairman of the Remuneration Committee. Liz Hewitt was appointed as an Independent Non-Executive Director with effect from 24 June 2014.

Interests in the issued share capital of the Company held at the end of the period under review and up to the date of this Report by the Directors or their families are set out on page 65 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 66. It is the Board's policy that the GEB Members should retain at least 105,000 shares (value at 31 December 2014: £714,000) in the Company and that the Group Chief Executive retains at least 150,000 shares (value at 31 December 2014: £1.02m) (based on the mid-market share price of 680p per share on 31 December 2014) 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 70 and is incorporated into this report by reference.

Corporate Governance Statement

In accordance with the Code and DTR 7.2.9R, the Corporate Governance Statement on pages 35 to 49 is incorporated into this report by reference.

Management Report

This Directors' Report, on pages 68 to 70, together with the Strategic Report on pages 2 to 27, 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 2014 comprised 134,891,171 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.

As at 31 December 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	%
Standard Life Investments (Holdings) Limited	12,259,686	9.09
Old Mutual plc	8,177,923	6.06
Artisan Partners Limited	6,530,863	4.84
Heronbridge Investment Management LLP	5,404,296	4.01
BlackRock, Inc	4,227,835	3.13

Note: On 25 February 2015, Blackrock, Inc. disclosed a shareholding of 5.01%. No other changes to the above have been disclosed to the Company in accordance with DTRS, between 31 December 2014 and 18 March 2015.

As at 31 December 2014, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 5,562,242 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 12 May 2014, 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 13 May 2015 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 68, 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 13 May 2015; 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 (2013: £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 35 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 understand 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 55 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 21 and is incorporated into this report by reference.

By order of the Board

Chris Lee
Group Legal Director & Company Secretary
18 March 2015

Savills plc
Registered in England No. 2122174

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 Company and group 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 the Company and the Group 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 position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 40 confirms that to the best of his or her 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 Strategic Report set out on pages 2 to 27 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.

For the purposes of Section 418 of the Companies Act 2006, each of the Directors as at the date of the approval of the Annual Report and Accounts confirms that:

- so far as the Director is aware, there is no relevant audit information of which the External Auditors is unaware; and
- the Director 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 External Auditors are 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

Forward-looking statements

Forward-looking statements have been made by the Directors in good faith using information up until the date on which they approved the Annual Report and Accounts. Forward-looking statements should be regarded with caution due to uncertainties in economic trends and business risks.

18 March 2015

Independent auditors' report
to the members of Savills plc

Report on the financial statements
Our opinion
In our opinion:

- Savills plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2014 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with International Financial Reporting Standards ('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.

What we have audited
Savills plc's financial statements comprise:

- the Consolidated and Company statements of financial position as at 31 December 2014;
- the Consolidated income statement and statement of comprehensive income for the year then ended;
- the Consolidated and Company statements of cash flows for the year then ended;
- the Consolidated and Company statements of changes in equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the Notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

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

Our audit approach
Overview
Materiality
- Overall Group materiality: £5.0m (2013: £3.8m) which represents 5% of Group underlying profit before tax.

Audit scope
- We conducted audit work in the UK, the US and Asia Pacific, across all four of the Group's business lines, and paid particular attention to the acquisition during the year of Studley, Inc. in the US.
- Our audit work accounted for 80.5% of Group revenues (2013: 78%) and 82.5% (2013: 94%) of Group underlying profit before tax.

Area of focus
- Goodwill impairment assessment – particularly for European businesses.
- Provisions for litigation on valuations – particularly from the height of the property market around 2007.
- Risk of fraud in revenue recognition in relation to cut-off for transaction and consultancy income.
- Accounting for the acquisition of Studley, Inc.
- Recoverability of receivables in Asia.
- Regulatory compliance obligations.

The scope of our audit and our areas of focus
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there is evidence of bias by the Directors that may represent a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the outcome of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Goodwill impairment assessment Refer to page 45 (Audit Committee Report), pages 84 and 92 (Significant Accounting Policies) and pages 104 to 105 (notes). The Group carried £228m of goodwill at 31 December 2014 (2013: £135.6m) of which £87m related to new acquisitions and £141m to existing businesses. No impairment charge was recognised in the year ended 31 December 2014. £85.6m of the goodwill balance related to the acquisition of Studley, Inc. during the year. The purchase price allocation exercise performed by management which gave rise to the goodwill is provisional under accounting standards (see the area of focus below on Accounting for the acquisition of Studley, Inc.), and the business is currently trading ahead of the investment decision forecasts. We focused our impairment assessment on the estimated values in use of those businesses in Europe with material amounts of goodwill. The Group's performance in this region improved during 2014, but there is continued economic uncertainty and property markets remain unsettled.	Focusing on the European businesses, we evaluated and challenged management's future cash flow forecasts and the process by which they were drawn up, and tested the underlying value in use calculations. We compared management's forecast to the latest Board approved budget and found them to be consistent. We challenged: – the key assumptions for long-term growth rates in the forecasts by comparing them to historical – results, as well as economic and industry forecasts for the relevant international property markets; and – the discount rate used in the calculations by assessing the cost of capital for the company and comparable organisations. We performed sensitivity analysis on the key assumptions supporting the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short and longer term growth rates and profit margins in Europe due to continued uncertainty in the macro-economic environment for a number of countries in the region. We ascertained the extent to which a reduction in these assumptions both individually or in aggregate would result in goodwill impairment, and considered the likelihood of such events occurring. We did not regard this to be reasonably possible. Given the level of headroom, improved business performance in Savills Europe for 2014 and a more positive outlook for property markets in Savills key European locations, we concluded that the carrying value of goodwill had been appropriately assessed.
Provisions for litigation Refer to page 45 (Audit Committee Report), pages 86 and 92 (Significant Accounting Policies) and page 118 (notes). The Group is subject to a number of legal claims in the normal course of business, particularly with respect to valuations performed in the height of the property market in 2007. Experience has shown that valuations performed around this time were more subject to challenge than in other periods. Our audit procedures took 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 for which adequate provisions are not held.	In order to assess the appropriateness of the provisions held at the balance sheet date we obtained and read the legal claim letters and accompanying third party documentation received by the Group. We met with the Group's internal and external counsel to consider in detail a number of the cases, and the potential exposure after taking into account the Group's insurance cover. We also tested that the workings prepared by management in relation to the legal provisions were mathematically accurate and checked the amounts and other details in respect of each new claim to the relevant third party supporting documentation. To assess the reliability and accuracy of management's provision process we looked at legal cases settled during the year and traced the related cash payments to bank statements. Our examination of Board minutes, legal expenses incurred during the year and any litigation-related matters arising after the year-end did not identify any further legal cases other than those identified by management. Overall our work indicated that management had made reasonable judgements in their assessment process, taking into account developments since the height of the property market.
Risk of fraud in revenue recognition in relation to cut-off for transaction and consulting income See note 2 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates. Our specific audit focus was on the risk that revenue may be inaccurately recorded and/or recorded in the incorrect period for the transaction advisory and consultancy revenue streams in light of the incentive schemes for management in those areas designed to reward performance. For more complex contracts, the recognition of revenue is largely dependent on the date the underlying transaction is deemed to be completed.	For all material transactions, we understood the commercial rationale and the revenue recognition process adopted and considered that the related revenue had been booked on a consistent basis across the Group in accordance with Group policies. We tested a sample of revenue transactions to underlying contracts and third party completion documentation, for example, property sales completion statements, or asset or property management contracts, determining that these sales had taken place and were recorded in the correct period. We additionally tested a sample of revenue to supporting documentation, cash receipts and related contracts, in order to verify that the income was correctly calculated. We noted no instances of inappropriate revenue recognition in the period.

Area of focus	How our audit addressed the area of focus
Accounting for the acquisition of Studley, Inc. Refer to page 45 (Audit Committee Report), page 62 (Significant Accounting Policies) and page 111 (notes). The Group acquired Studley, Inc., a US-based real estate business, in May 2014. Accounting for the acquisition required a provisional fair value exercise, including valuing any separately identifiable intangible assets. This can be a particularly subjective process. Management identified Studley's forward order book as the only separately identifiable intangible asset, with a carrying value of £3.9m at 31 December 2014. The order book consists of contracted business which spans a number of years and judgement was required to assess whether these orders will come to fruition, including assessing the ability of customers to carry through the orders. Judgement was also required over the discount rate applied to the future cash flows, given that the order book spans a number of years.	We obtained the sale and purchase agreement and: – checked the consideration paid to bank statements; – checked that the deferred consideration had been calculated and disclosed appropriately; – tested the existence and valuation of the acquired assets to third party and source documentation; and – considered whether liabilities had been recognised in full. We determined that management's analysis reflected the fair value exercise accurately and that the relevant intangible assets (i.e. the order book and goodwill) had been identified. In relation to the order book we obtained third party documentation for significant contracts and checked that these were sufficiently firm orders. We sensitised the discount rate to ascertain the extent of change that would be required for the fair value to be materially misstated; the views we formed were consistent with managements's judgements.
Recoverability of trade receivables in Asia Refer to page 45 (Audit Committee Report), page 85 (Significant Accounting Policies). It is customary for clients to demand lengthy payment terms in parts of Asia (and particularly China). Agreed payment terms are also sometimes extended particularly when unforeseen delays occur in property transactions. The Group is therefore exposed to a heightened risk of default in respect of trade receivables in the Asia Pacific region. This increased risk is factored into our audit approach with respect to the provision against trade receivables.	In order to confirm trade receivables in China, we requested confirmations for a sample of client debtor balances. Where a response to our request was not received, we sought to agree the relevant trade receivables balances to post year end cash receipts. Where cash had not been received, we performed alternative procedures, by agreeing amounts recorded to underlying sales contracts and completion documentation, discussing and assessing the reasons that the amounts were not yet paid with Savills' local management teams. We also looked at the aging profile on trade receivables, focusing on older debts for which no provision had been made. We challenged management as to the recoverability of these older unprovided amounts, corroborating explanations with underlying documentation and correspondence with the client. We also evaluated the Group's credit control procedures in Asia. Based upon the above, we were satisfied that management had taken reasonable judgements that were supported by the available evidence in respect of the relevant receivables.
Regulatory compliance obligations Refer to page 45 (Audit Committee Report). The Directors did not record any material instances of non-compliance in the year, but the Group is subject to Financial Services, Chartered Surveyor, tax, anti-bribery and anti-money laundering laws and regulations across a number of international jurisdictions. Failure to comply with any of these applicable laws and regulations could have a material impact on the results of the business and the reputation for integrity on which it relies.	We obtained an understanding of the legal and regulatory framework within which the Group operates, discussed the Group's approach to regulatory compliance with management internationally and with internal legal counsel, and evaluated management's internal control procedures. We also read relevant correspondence with regulators to support management's assertions, as well as Board minutes and internal audit reports. We scanned legal expense accounts and considered the results of our audit work in other areas to determine whether there appeared to be any evidence of non-compliance with applicable laws and regulations and identified no such instances.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is structured across 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 geographical regions, UK, US, Europe and Asia Pacific.

The Group's accounting process is structured around a local finance function in each of the territories in which the Group operates. In Europe, these functions maintain their own accounting records and controls and report to a Head Office finance team in the UK through submission of management reporting packs. In Asia Pacific, these functions similarly report to a head office finance team in Hong Kong. At a Group level, a separate finance team consolidates the reporting packs of Europe, Asia Pacific, UK, US and the central functions.

In our view, due to their significance and/or risk characteristics, those businesses in UK and US, as well as Hong Kong, and Australia within the Asia Pacific region, required an audit on their complete financial information. We used component auditors from other PwC firms who are familiar with the local laws and regulations in each of the identified territories outside the UK to perform this audit work.

Specific risk-based audit procedures were also performed in China, Japan and Singapore depending on the areas of risk identified at each entity.

Based upon Group materiality, we were not required to carry out detailed audit procedures on Savills Europe. However, local audit teams perform statutory audits of subsidiary companies in Europe where required by local legislation. These audits were carried out to the same timetable as the Group audit and, accordingly, we were able to incorporate the results of their work into our overall risk assessment. This included reviewing working papers for any issues arising on specific components that impacted the Group audit, particularly revenue recognition, recoverability of trade receivables and provisions for litigation.

Where the work was performed by component auditors in the US and in Asia Pacific, we determined the level of involvement we needed to have 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. The group engagement team visited Savills' UK head office, Savills' Asia Pacific head office in Hong Kong (given the significance of this region to the Group), and the US (following the acquisition of Studley, Inc. during the year).

The Group consolidation, financial statement disclosures and a number of complex items were audited by the Group engagement team at the head office. These included pensions, tax and share-based payments.

Taken together, the territories and functions where we performed audits of the complete financial information accounted for 80.5% of Group revenues and 82.5% of Group underlying profit before tax.

Materiality

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and 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 financial statements as a whole as follows:

Overall Group materiality	£5.0 million (2013: £3.8 million).
How we determined it	5% of underlying profit before tax as defined in Note 2.2 to the financial statements.
Rationale for benchmark applied	Based on our professional judgement, we determined materiality by applying a benchmark of 5% of underlying profit before tax. We believe that underlying profit before tax is the most appropriate measure as it eliminates any disproportionate effect of exceptional charges and provides a consistent year-on-year basis for our work.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2m (2013: £0.2m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 70, 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 financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and 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 Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

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

ISAs (UK & Ireland) reporting

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 Company acquired in the course of performing our audit; or – is otherwise misleading.	We have no exceptions to report arising from this responsibility.
The statement given by the Directors on page 72, in accordance with provision C.1.1 of the UK Corporate Governance Code ('the Code'), 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 and Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
The section of the Annual Report on page 47, as required by provision C.3.8 of the Code, 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.

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
– the 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

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with 10 provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

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 financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

– whether the accounting policies are appropriate to the Group's and the 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.

We primarily focus 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.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in 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.

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

18 March 2015

Consolidated income statement
for the year ended 31 December 2014

	Notes	2014 £m	2013 £m
Revenue	6	**1,078.2**	904.8
Less:			
Employee benefits expense	9.1	**(699.3)**	(570.4)
Depreciation	16	**(8.4)**	(7.6)
Amortisation of intangible assets	15	**(4.6)**	(3.9)
Other operating expenses	7.1	**(290.1)**	(259.5)
Other operating income	7.1	**0.7**	0.4
Profit/(loss) on disposal of available-for-sale investments	17.2	**2.0**	(0.3)
Operating profit		**78.5**	63.5
Finance income	11	**1.5**	1.2
Finance costs	11	**(2.3)**	(1.8)
		(0.8)	(0.6)
Share of post-tax profit from joint ventures and associates	17.1	**7.0**	7.2
Profit before income tax		**84.7**	70.1
Comprising:			
– underlying profit before tax	8	**100.5**	75.2
– restructuring and acquisition related costs	8	**(17.5)**	(5.2)
– other underlying adjustments	8	**1.7**	0.1
		84.7	70.1
Income tax expense	12	**(22.0)**	(18.7)
Profit for the year		**62.7**	51.4
Attributable to:			
Owners of the parent		**62.1**	50.8
Non-controlling interests		**0.6**	0.6
		62.7	51.4
Earnings per share			
Basic earnings per share	14.1	**46.8p**	39.8p
Diluted earnings per share	14.1	**45.3p**	38.1p
Underlying earnings per share			
Basic earnings per share	14.2	**55.2p**	43.1p
Diluted earnings per share	14.2	**53.4p**	41.4p

Consolidated statement of comprehensive income
for the year ended 31 December 2014

	Notes	**2014 £m**	2013 £m
Profit for the year		**62.7**	51.4
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme obligation	10.2	**(15.9)**	7.0
Tax on items that will not be reclassified	12	**3.3**	(1.7)
Total items that will not be reclassified to profit or loss		**(12.6)**	5.3
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments	17.2	**0.3**	1.8
Fair value loss on available-for-sale investment released to income statement	17.2	**0.3**	–
Currency translation differences		**6.1**	(5.2)
Tax on items that may be reclassified	12	**1.4**	3.0
Total items that may be reclassified subsequently to profit or loss		**8.1**	(0.4)
Other comprehensive (loss)/income for the year, net of tax		**(4.5)**	4.9
Total comprehensive income for the year		**58.2**	56.3
Total comprehensive income attributable to:			
Owners of the parent		**57.6**	55.9
Non-controlling interests		**0.6**	0.4
		58.2	56.3

Consolidated and Company statements of financial position
at 31 December 2014

	Notes	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Assets: Non-current assets					
Property, plant and equipment	16	**43.2**	33.4	**2.4**	2.6
Goodwill	15	**228.0**	135.6	**–**	–
Intangible assets	15	**17.5**	15.5	**0.6**	0.9
Investments in subsidiaries	17.4	**–**	–	**109.5**	79.5
Investments in joint ventures and associates	17.1	**22.2**	16.7	**–**	–
Deferred income tax assets	18	**42.0**	26.8	**2.7**	3.2
Available-for-sale investments	17.2	**11.7**	14.8	**–**	–
Non-current receivables		**3.9**	1.4	**–**	–
		368.5	244.2	**115.2**	86.2
Assets: Current assets					
Work in progress		**3.2**	3.3	**–**	–
Trade and other receivables	19	**307.9**	240.5	**17.2**	16.0
Current income tax receivable		**4.3**	1.0	**3.0**	3.0
Derivative financial instruments	24	**–**	0.1	**–**	–
Cash and cash equivalents	20	**158.1**	122.2	**78.1**	70.9
		473.5	367.1	**98.3**	89.9
Liabilities: Current liabilities					
Borrowings	23	**3.9**	6.8	**–**	–
Trade and other payables	21	**406.0**	266.3	**22.5**	19.1
Current income tax liabilities		**14.7**	9.2	**–**	–
Employee benefit obligations	25.2	**6.6**	6.3	**0.1**	–
Provisions for other liabilities and charges	25.1	**9.3**	10.9	**–**	–
		440.5	299.5	**22.6**	19.1
Net current assets		**33.0**	67.6	**75.7**	70.8
Total assets less current liabilities		**401.5**	311.8	**190.9**	157.0
Liabilities: Non-current liabilities					
Borrowings	23	**–**	3.0	**–**	–
Trade and other payables	22	**21.5**	0.2	**–**	7.0
Retirement and employee benefit obligations	10.2 and 25.2	**29.2**	20.6	**1.1**	0.7
Provisions for other liabilities and charges	25.1	**17.3**	15.7	**1.2**	1.2
Deferred income tax liabilities	18	**3.2**	1.5	**–**	–
		71.2	41.0	**2.3**	8.9
Net assets		**330.3**	270.8	**188.6**	148.1
Equity: Capital and reserves attributable to owners of the parent					
Share capital	26	**3.4**	3.4	**3.4**	3.4
Share premium		**90.1**	90.1	**90.1**	90.1
Shares to be issued	17.6 (a)	**34.9**	–	**34.9**	–
Other reserves	28	**22.5**	17.1	**3.3**	3.3
Retained earnings	28	**178.6**	159.4	**56.9**	51.3
		329.5	270.0	**188.6**	148.1
Non-controlling interests		**0.8**	0.8	**–**	–
Total equity		**330.3**	270.8	**188.6**	148.1

The consolidated and Company financial statements on pages 76 to 127 were authorised for issue by the Board of Directors on 18 March 2015 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 2014

	Notes	Share capital £m	Share premium £m	Shares to be issued £m	Other reserves* £m	Retained earnings** £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to owners of the parent							
Balance at 1 January 2014		**3.4**	**90.1**	**–**	**17.1**	**159.4**	**270.0**	**0.8**	**270.8**
Profit for the year		**–**	**–**	**–**	**–**	**62.1**	**62.1**	**0.6**	**62.7**
Other comprehensive income/(loss):									
Remeasurement of defined benefit pension scheme obligation	10.2	**–**	**–**	**–**	**–**	**(15.9)**	**(15.9)**	**–**	**(15.9)**
Fair value gain on available-for-sale investments	17.2	**–**	**–**	**–**	**0.3**	**–**	**0.3**	**–**	**0.3**
Fair value loss on available-for-sale investments released to income statement	17.2	**–**	**–**	**–**	**0.3**	**–**	**0.3**	**–**	**0.3**
Tax on items directly taken to reserves	12	**–**	**–**	**–**	**–**	**4.7**	**4.7**	**–**	**4.7**
Currency translation differences		**–**	**–**	**–**	**6.1**	**–**	**6.1**	**–**	**6.1**
Total comprehensive income for the year		**–**	**–**	**–**	**6.7**	**50.9**	**57.6**	**0.6**	**58.2**
Transactions with owners:									
Employee share option scheme:									
– Value of services provided	28	**–**	**–**	**–**	**–**	**10.5**	**10.5**	**–**	**10.5**
Purchase of treasury shares	28	**–**	**–**	**–**	**–**	**(12.1)**	**(12.1)**	**–**	**(12.1)**
Share-based payment settlement	28	**–**	**–**	**–**	**–**	**(3.6)**	**(3.6)**	**–**	**(3.6)**
Shares to be issued	17.6 (a)	**–**	**–**	**34.9**	**–**	**–**	**34.9**	**–**	**34.9**
Disposal of available-for-sale investments (net of tax)	17.2	**–**	**–**	**–**	**(1.3)**	**–**	**(1.3)**	**–**	**(1.3)**
Dividends	13	**–**	**–**	**–**	**–**	**(24.9)**	**(24.9)**	**(0.3)**	**(25.2)**
Transactions with non-controlling interests	17.5	**–**	**–**	**–**	**–**	**(1.6)**	**(1.6)**	**(0.3)**	**(1.9)**
Balance at 31 December 2014		**3.4**	**90.1**	**34.9**	**22.5**	**178.6**	**329.5**	**0.8**	**330.3**

	Notes	Share capital £m	Share premium £m	Shares to be issued £m	Other reserves* £m	Retained earnings** £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to owners of the parent							
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	17.2	–	–	–	1.8	–	1.8	–	1.8
Remeasurement of defined benefit pension scheme obligation	10.2	–	–	–	–	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	26	0.1	2.8	–	–	–	2.9	–	2.9
Disposal of available-for-sale investments (net of tax)	17.2	–	–	–	(0.3)	–	(0.3)	–	(0.3)
Dividends	13	–	–	–	–	(20.6)	(20.6)	(0.4)	(21.0)
Transactions with non-controlling interests	17.5	–	–	–	–	(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

* 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 2014

	Notes	Share capital £m	Share premium £m	Shares to be issued £m	Capital redemption reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total shareholders' equity £m
		Attributable to owners of the Company							
Balance at 1 January 2014		**3.4**	**90.1**	**–**	**0.3**	**3.0**	**4.8**	**46.5**	**148.1**
Profit for the year	7.2	**–**	**–**	**–**	**–**	**–**	**–**	**37.0**	**37.0**
Other comprehensive income:									
Remeasurement of defined benefit pension scheme obligation	10.2	**–**	**–**	**–**	**–**	**–**	**–**	**(0.9)**	**(0.9)**
Tax on items directly taken to reserves	12	**–**	**–**	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**36.4**	**36.4**
Employee share option scheme:									
– Value of services provided		**–**	**–**	**–**	**–**	**–**	**1.9**	**–**	**1.9**
– Exercise of share options		**–**	**–**	**–**	**–**	**–**	**(2.4)**	**(4.3)**	**(6.7)**
Distribution for Employee Benefit Trust		**–**	**–**	**–**	**–**	**–**	**–**	**(0.9)**	**(0.9)**
Share-based payment settlement		**–**	**–**	**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**
Shares to be issued	17.6 (a)	**–**	**–**	**34.9**	**–**	**–**	**–**	**–**	**34.9**
Dividends	13	**–**	**–**	**–**	**–**	**–**	**–**	**(24.9)**	**(24.9)**
Balance at 31 December 2014		**3.4**	**90.1**	**34.9**	**0.3**	**3.0**	**4.3**	**52.6**	**188.6**

	Notes	Share capital £m	Share premium £m	Shares to be issued £m	Capital redemption reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total shareholders' equity £m
		Attributable to owners of the Company							
Balance at 1 January 2013		3.3	87.3	–	0.3	3.0	3.5	25.7	123.1
Profit for the year	7.2	–	–	–	–	–	–	44.6	44.6
Other comprehensive income:									
Remeasurement of defined benefit pension scheme obligation	10.2	–	–	–	–	–	–	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	26	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

* 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 2014

	Notes	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Cash flows from operating activities					
Cash generated from operations	31	**113.6**	86.0	**32.1**	40.3
Interest received		**1.6**	1.0	**1.0**	1.1
Interest paid		**(2.0)**	(0.6)	**–**	(0.1)
Income tax (paid)/received		**(17.1)**	(15.6)	**3.2**	1.8
Net cash generated from operating activities		**96.1**	70.8	**36.3**	43.1
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**0.1**	0.1	**0.3**	12.8
Proceeds from sale of intangible assets		**–**	–	**–**	0.7
Proceeds from sale of available-for-sale investments		**4.0**	1.7	**–**	–
Proceeds from sale of assets held for sale		**8.5**	–	**–**	–
Deferred consideration received in relation to prior year disposals		**1.4**	0.4	**–**	–
Dividends received from joint ventures and associates		**5.4**	5.3	**–**	–
Repayment of loans by joint ventures, associates and subsidiaries		**0.8**	0.3	**4.9**	27.0
Loans to joint ventures, associates and subsidiaries		**–**	(0.4)	**–**	(2.3)
Loans from subsidiaries		**–**	–	**–**	0.8
Repayment of loans to subsidiaries		**–**	–	**(6.8)**	–
Acquisition of subsidiaries, net of cash acquired		**(18.1)**	1.0	**–**	–
Deferred consideration paid in relation to prior year acquisitions		**–**	(0.4)	**–**	–
Purchase of property, plant and equipment	16	**(12.7)**	(23.3)	**(1.3)**	(14.0)
Purchase of intangible assets	15	**(1.5)**	(2.5)	**(0.2)**	(0.3)
Purchase of investment in joint ventures, associates and available-for-sale investments	17.1 and 17.2	**(2.5)**	(0.7)	**–**	–
Net cash (used in)/generated from investing activities		**(14.6)**	(18.5)	**(3.1)**	24.7
Cash flows from financing activities					
Proceeds from issue of share capital	26	**–**	2.9	**–**	2.9
Proceeds from borrowings		**99.9**	63.5	**–**	–
Share-based payment settlement	28	**(3.6)**	(7.3)	**(0.2)**	(0.4)
Contribution to Employee Benefit Trust		**–**	–	**(0.9)**	–
Purchase of own shares for Employee Benefit Trust	28	**(12.1)**	(2.2)	**–**	–
Purchase of non-controlling interests	17.5	**(1.9)**	(1.1)	**–**	–
Repayments of borrowings		**(105.8)**	(54.8)	**–**	–
Dividends paid	13	**(25.2)**	(21.0)	**(24.9)**	(20.6)
Net cash used in financing activities		**(48.7)**	(20.0)	**(26.0)**	(18.1)
Net increase in cash, cash equivalents and bank overdrafts		**32.8**	32.3	**7.2**	49.7
Cash, cash equivalents and bank overdrafts at beginning of year		**122.2**	92.7	**70.9**	21.2
Effect of exchange rate fluctuations on cash held		**3.1**	(2.8)	**–**	–
Cash and cash equivalents at end of year	20	**158.1**	122.2	**78.1**	70.9

Notes to the financial statements
Year ended 31 December 2014

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 27,826 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 18 March 2015.

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.

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

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.

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 financial statements, are disclosed in Note 5.

2.2 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 acquired intangible assets (excluding software);
- 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 14.2 for further explanation);
- items that are considered non-operational in nature including restructuring costs, impairments of goodwill, intangible assets and investments and profits or losses arising on disposals of subsidiaries and other investments; and
- significant acquisition costs related to business combinations.

2.3 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.

(a) Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

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 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains and losses 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.

(b) Changes in ownership interests in subsidiaries without change of control
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.

(c) Disposal of subsidiaries
When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes 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.

(d) 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 of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 17.1).

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 is reclassified to profit or loss where appropriate.

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 with a corresponding adjustment to 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 changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(e) Joint arrangements
The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 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.

2.5 Foreign currency translation
(a) 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.

(b) 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.

(c) 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.

2.6 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	3–10 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.

2.7 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.

2.8 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
Order back-log	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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

(a) 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.

(b) 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.

(c) 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.

(d) 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.

2.24 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.

(a) 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.

(b) Commercial transactional fees

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

(c) 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.

(d) 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.

(e) 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.

(f) 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.

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

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

(i) 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.

2.25 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.

2.26 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.

2.27 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 2014:

- IFRS 10, 'Consolidated financial statements', including amendments, mandatorily effective for accounting periods beginning on or after 1 January 2014. Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Application of IFRS 10 has had no financial effect on the Group's consolidated results.

- IFRS 11, 'Joint arrangements', including amendments, mandatorily effective for accounting periods beginning on or after 1 January 2014. Under IFRS 11 investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint arrangements must be accounted for using the equity method. Application of IFRS 11 has had no financial effect on the Group's consolidated results.

- IFRS 12, 'Disclosures of interests in other entities', including amendments, mandatorily 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. The adoption of this standard does not impact the Group's profit or net assets.

- 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. 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 2014 and not discussed above are not relevant or considered significant to the Group.

The following standards and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2015, and have not been early adopted:

- IFRS 15, 'Revenue from contracts with customers', effective for accounting periods beginning on or after 1 January 2017 (subject to EU endorsement). The standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The application of IFRS may have a material impact on the disclosures made and amounts reported in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group undertakes a detailed review.

– IFRS 9, 'Financial instruments', including amendments, effective for accounting periods beginning on or after 1 January 2018. This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The application of IFRS 9 is not expected to have a material impact on the amounts reported in the Group's consolidated financial statements.

Other standards, amendments and interpretations not yet effective and not discussed above are not relevant or considered significant to the Group.

3. Financial risk management

3.1 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. The Group uses financial instruments to manage material 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.

3.2 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. Recent historical movements in these currencies 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 2014, 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%
2014				
Estimated impact on post-tax profit				
Euro	**(0.3)**	**(0.2)**	**0.2**	**0.4**
Hong Kong dollar	**(0.2)**	**(0.1)**	**0.1**	**0.3**
US dollar	**(0.1)**	**–**	**–**	**0.1**
Estimated impact on components of equity				
Euro	**2.3**	**1.2**	**(1.3)**	**(2.8)**
Hong Kong dollar	**(10.8)**	**(5.7)**	**6.3**	**13.3**
US dollar	**(9.3)**	**(4.9)**	**5.4**	**11.3**
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

3.3 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 2014, 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%
2014				
Estimated impact on post-tax profit and equity	**0.1**	**0.4**	**0.7**	**0.9**
2013				
Estimated impact on post-tax profit and equity	0.3	0.5	0.8	1.0

	Decrease in interest rates			
£m	-0.5%	-1.0%	-1.5%	-2.0%
2014				
Estimated impact on post-tax profit and equity	**(0.5)**	**(0.8)**	**(0.9)**	**(0.9)**
2013				
Estimated impact on post-tax profit and equity	(0.3)	(0.5)	(0.6)	(0.6)

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.

3.4 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 year, 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 2014. 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)	**2014 £m**	2013 £m
AA-	**11.3**	37.8
A+	**37.5**	7.7
A	**88.1**	57.8
A-	**3.5**	0.7
BBB+ or below	**17.7**	18.2
Total	**158.1**	122.2

3.5 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 a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2014				
Borrowings	**3.9**	**–**	**–**	**–**
Trade and other payables	**355.0**	**16.0**	**3.3**	**2.2**
	358.9	**16.0**	**3.3**	**2.2**
2013				
Borrowings	6.8	3.0	–	–
Trade and other payables	227.1	–	0.2	–
	233.9	3.0	0.2	–

3.6 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 2014. 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 the Group's 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.

Notes to the financial statements
Year ended 31 December 2014 continued

The capital structure is as follows:

£m	Group 2014	Group 2013	Company 2014	Company 2013
Equity	**330.3**	270.8	**188.6**	148.1
Cash and cash equivalents	**158.1**	122.2	**78.1**	70.9
Borrowings	**(3.9)**	(9.8)	**–**	–
Net cash	**154.2**	112.4	**78.1**	70.9

3.7 Categories of financial instruments

	Financial assets at fair value 2014 £m	Available-for-sale financial assets 2014 £m	Loans and receivables 2014 £m	Total carrying amount 2014 £m	Financial assets at fair value 2013 £m	Available-for-sale financial assets 2013 £m	Loans and receivables 2013 £m	Total carrying amount 2013 £m
Financial assets:								
Available-for-sale investments	**–**	**11.7**	**–**	**11.7**	–	14.8	–	14.8
Trade and other receivables	**–**	**–**	**269.2**	**269.2**	–	–	207.7	207.7
Derivative financial instruments	**–**	**–**	**–**	**–**	0.1	–	–	0.1
Cash and cash equivalents	**–**	**–**	**158.1**	**158.1**	–	–	122.2	122.2
Total financial assets	**–**	**11.7**	**427.3**	**439.0**	0.1	14.8	329.9	344.8

	Financial liabilities at amortised cost 2014 £m	Total carrying amount 2014 £m	Financial liabilities at amortised cost 2013 £m	Total carrying amount 2013 £m
Financial liabilities:				
Borrowings	**3.9**	**3.9**	9.8	9.8
Trade and other payables	**376.5**	**376.5**	227.3	227.3
Total financial liabilities	**380.4**	**380.4**	237.1	237.1

3.8 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014:

£m	Level 1	Level 2	Level 3	Total
2014				
Assets				
Available-for-sale investments				
– Unlisted	**–**	**11.7**	**–**	**11.7**
Total assets	**–**	**11.7**	**–**	**11.7**
Equity				
Shares to be issued	**–**	**34.9**	**–**	**34.9**
Total equity	**–**	**34.9**	**–**	**34.9**

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

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.

Shares to be issued were fair valued using the Actuarial Binomial model of actuaries Lane Clark & Peacock LLP. Refer to Note 17.6(a) for further information on the shares to be issued. 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. Offsetting financial assets and financial liabilities

The table below shows the amounts of financial assets and financial liabilities before and after offsetting. The amounts offset in the balance sheet were established in accordance with IAS 32. The assets and liabilities offset stem from the multi-currency cash pooling implemented within the Group.

£m	Gross financial assets/(liabilities)	Amounts offset in the balance sheet	Net amount in the balance sheet
As at 31 December 2014			
Assets			
Cash and cash equivalents	**292.0**	**(133.9)**	**158.1**
Liabilities			
Bank overdrafts	**(133.9)**	**133.9**	**–**
As at 31 December 2013			
Assets			
Cash and cash equivalents	249.2	(127.0)	122.2
Liabilities			
Bank overdrafts	(127.0)	127.0	–

Notes to the financial statements
Year ended 31 December 2014 continued

5. Critical accounting estimates and management judgements

Estimates 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 management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) 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.

(b) 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.

(c) 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.

(d) 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 15.2.

(e) 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.

(f) 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 25.1. Additional claims could be made which might not be covered by existing provisions or by insurance as detailed in Note 29.

(g) 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 27.6. The alteration of these assumptions may impact charges to the income statement over the vesting period of the award.

(h) 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 28 to 31 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, South Korea, Japan, Taiwan, Thailand, Singapore, Vietnam, Australia and Indonesia. Continental Europe segment operations are based in Germany, France, Spain, Netherlands, Belgium, Sweden, Italy, Ireland and Poland. United States segment operations are based in a number of states throughout the region. 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/(loss) on disposals, share-based payment adjustment, restructuring costs, acquisition related costs, amortisation and impairment of goodwill and intangible assets (excluding software) and impairment of available-for-sale investments, joint ventures or associates. Segmental assets and liabilities are not measured or reported to the GEB, but non-current assets are disclosed geographically on page 94.

The segment information provided to the GEB for revenue and profits for the year ended 31 December 2014 is as follows:

2014	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Other £m	Total £m
Revenue						
United Kingdom – commercial	84.1	126.9	79.8	28.0	–	318.8
– residential	129.2	41.3	25.1	–	–	195.6
Total United Kingdom	213.3	168.2	104.9	28.0	–	514.4
Continental Europe	51.1	18.8	26.6	–	–	96.5
Asia Pacific – commercial	96.3	30.0	207.1	–	–	333.4
– residential	21.6	–	–	–	–	21.6
Total Asia Pacific*	117.9	30.0	207.1	–	–	355.0
United States	112.3	–	–	–	–	112.3
Total revenue	494.6	217.0	338.6	28.0	–	1,078.2
Underlying profit/(loss) before tax						
United Kingdom – commercial	14.0	13.1	7.3	4.4	(13.7)	25.1
– residential	19.7	6.3	2.2	–	–	28.2
Total United Kingdom	33.7	19.4	9.5	4.4	(13.7)	53.3
Continental Europe	1.3	1.4	(2.6)	–	–	0.1
Asia Pacific – commercial	16.7	2.6	11.7	–	–	31.0
– residential	3.7	–	–	–	–	3.7
Total Asia Pacific	20.4	2.6	11.7	–	–	34.7
United States	12.4	–	–	–	–	12.4
Underlying profit/(loss) before tax**	67.8	23.4	18.6	4.4	(13.7)	100.5

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

* Revenues of £147.5m (2013: £156.1m) are attributable to the Hong Kong and Macau region.

** Transaction Advisory underlying profit before tax includes depreciation of £3.7m (2013: £2.9m), software amortisation of £0.4m (2013: £0.4m) and share of post-tax profit from joint ventures and associates of £3.0m (2013: £3.9m). Consultancy underlying profit before tax includes depreciation of £1.5m (2013: £1.5m), software amortisation of £0.3m (2013: £0.3m) and share of post-tax profit from joint ventures and associates of £0.2m (2013: £0.1m). Property and Facilities Management underlying profit before tax includes depreciation of £2.1m (2013: £2.2m), software amortisation of £0.6m (2013: £0.4m) and share of post-tax profit from joint ventures and associates of £3.7m (2013: £3.1m). Investment management underlying profit before tax includes depreciation of £0.1m (2013: £0.1m), software amortisation of £0.2m (2013: £0.1m) and share of post-tax profit from joint ventures and associates of £nil (2013: £nil). Included in Other underlying profit is depreciation of £1.0m (2013: £0.9m), software amortisation of £0.5m (2013: £0.6m) and share of post-tax profit from joint ventures and associates of £0.1m (2013: £0.1m).

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:

	2014 £m	2013 £m
Non-current assets		
United Kingdom	**83.1**	79.6
Continental Europe	**41.5**	43.2
Asia Pacific	**66.0**	62.9
United States	**120.3**	15.5
Total non-current assets	**310.9**	201.2

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. Operating profit

7.1 Other operating expenses and income

Operating profit is stated after charging/(crediting):

	Group	
	2014 £m	2013 £m
Other operating expenses include:		
– Net foreign exchange losses (excluding net gains on forward foreign exchange contracts)	**0.3**	0.4
– Net gain on forward foreign exchange contracts	**–**	(0.1)
– Impairment of available-for-sale investment	**0.6**	–
– Provision for receivables impairment	**9.0**	6.8
– Restructuring costs*	**0.9**	5.2
– Acquisition related costs**	**16.6**	–
– Loss on sale of property, plant and equipment	**0.2**	0.4
– Operating lease costs	**36.4**	31.8
Other income – dividend and investment income	**(0.7)**	(0.4)

* Restructuring costs include staff costs of £0.9m (2013: £1.2m). 2013 also included legal and other costs of £0.2m and onerous lease and related property costs of £3.8m.

** Acquisition related costs include £6.7m of transaction fees and £9.9m of provisions for the future payments in relation to the acquisition of Studley, Inc. in May 2014.

7.2 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 £37.0m (2013: £44.6m).

7.3 Fees payable to the Company's auditor, PricewaterhouseCoopers LLP, and its associates

	Group	
	2014 £m	2013 £m
Audit services		
Fees payable to the Company's auditors for the audit of parent Company	**0.2**	0.2
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	**1.0**	0.7
	1.2	0.9
Other assurance services	**–**	0.1
Tax advisory services	**0.2**	0.1
Tax compliance services	**–**	0.1
Services relating to corporate finance transactions	**1.3**	0.1
Other services	**0.1**	0.2
	1.6	0.6
Total	**2.8**	1.5

8. Underlying profit before tax

	2014 £m	2013 £m
Reported profit before tax	**84.7**	70.1
Adjustments:		
Amortisation of intangible assets (excluding software) (Note 15)	**2.6**	2.1
Impairment of available-for-sale investment (Note 17.2)	**0.6**	–
Share-based payment adjustment	**(2.9)**	(2.5)
(Profit)/loss on disposal of available-for-sale investments (Note 17.2)	**(2.0)**	0.3
Restructuring costs	**0.9**	5.2
Acquisition related costs	**16.6**	–
Underlying profit before tax	**100.5**	75.2

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.

Profit on disposal of available-for-sale investments includes a £1.7m profit from the disposal of the Group's 3.03% holding in Pinnacle Regeneration Group Limited in January 2014, the final receipt in relation to the disposal of the Group's 4.3% shareholding in IPD Group Ltd in 2012 (£0.5m) and a £0.2m loss arising from the disposal of the Group's 2.03% shareholding in the Cordea Savills Student Hall Fund in July 2014.

Acquisition related costs include transaction costs of £6.7m and £9.9m of provisions for future payments in relation to the Studley, Inc. acquisition, which are expensed through the income statement to reflect the requirement for the recipients to remain actively engaged in the business at the payment date.

9. Employees
9.1 Employee benefits expense

	Group	
	2014 £m	2013 £m
Basic salaries and wages	**360.3**	328.2
Profit share and commissions	**260.1**	168.9
Wages and salaries	**620.4**	497.1
Social security costs	**49.4**	44.9
Other pension costs	**19.0**	18.0
Share-based payments	**10.5**	10.4
	699.3	570.4

9.2 Staff numbers
The monthly average number of employees (including Directors) for the year was:

	Group	
	2014	2013
United Kingdom	**3,962**	3,718
Continental Europe	**831**	845
Asia Pacific	**22,669**	21,691
United States	**364**	33
	27,826	26,287

The average number of UK employees (including Directors) during the year included 147 employed under fixed-term and temporary contracts (2013: 160).

9.3 Key management compensation

	Group 2014 £m	Group 2013 £m
Key management		
– Short-term employee benefits	**17.1**	14.0
– Post-employment benefits	**0.2**	0.2
– Share-based payments	**2.6**	2.8
	19.9	17.0

The key management of the Group for the year ended 31 December 2014 comprised Executive Directors and the GEB members. Details of Directors' remuneration is contained in the Remuneration report on pages 61 to 68.

During the year nine (2013: eight) GEB members made aggregate gains totalling £6.3m (2013: £3.7m) on the exercise of options under the PSP and DSBP schemes (2013: ESOS, DSP and DSBP schemes).

Retirement benefits under the defined benefit scheme are accruing for three (2013: three) GEB members and benefits are accruing under a defined contribution scheme in Hong Kong for two (2013: two) GEB members.

10. Pension schemes

10.1 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 £19.0m (2013: £18.0m). The amount outstanding as at 31 December 2014 in relation to defined contribution schemes is £1.4m (2013: £1.1m).

10.2 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 was carried out as at 31 March 2013 and has been updated to 31 December 2014 by a qualified independent actuary.

The table below outlines the Group's and Company's defined benefit pension amounts:

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Liability in the statement of financial position	**19.4**	12.7	**1.1**	0.7
Income statement charge included in finance costs	**0.3**	1.1	**–**	0.1
Actuarial (losses)/gains included in other comprehensive income	**(15.9)**	7.0	**(0.9)**	0.4

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

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Present value of funded obligations	**225.9**	189.0	**12.5**	10.4
Fair value of plan assets	**(206.5)**	(176.3)	**(11.4)**	(9.7)
Liability recognised in the statement of financial position	**19.4**	12.7	**1.1**	0.7

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 2014	**189.0**	**(176.3)**	**12.7**	**10.4**	**(9.7)**	**0.7**
Interest expense/(income)	**8.4**	**(8.1)**	**0.3**	**0.5**	**(0.5)**	**–**
Remeasurements:						
– Return on plan assets, excluding amounts included in interest income	**–**	**(16.1)**	**(16.1)**	**–**	**(0.9)**	**(0.9)**
– Loss from change in financial assumptions	**33.3**	**–**	**33.3**	**1.9**	**–**	**1.9**
– Experience gains	**(1.3)**	**–**	**(1.3)**	**(0.1)**	**–**	**(0.1)**
Employer contributions	**–**	**(9.5)**	**(9.5)**	**–**	**(0.5)**	**(0.5)**
Benefit payments	**(3.5)**	**3.5**	**–**	**(0.2)**	**0.2**	**–**
At 31 December 2014	**225.9**	**(206.5)**	**19.4**	**12.5**	**(11.4)**	**1.1**

	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	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

The significant actuarial assumptions were as follows:

	Group	
As at 31 December	**2014**	2013
Expected rate of salary increases	**3.85%**	3.85%
Rate of increase to pensions in payment		
– accrued before 6 April 1997	**3.00%**	3.00%
– accrued after 5 April 1997	**3.10%**	3.50%
– accrued after 5 April 2005	**2.10%**	2.40%
Rate of increase to pensions in deferment		
– accrued before 6 April 2001	**5.00%**	5.00%
– accrued after 5 April 2001	**2.10%**	2.50%
– accrued after 5 April 2009	**2.10%**	2.50%
Discount rate	**3.60%**	4.50%
Inflation assumption	**3.20%**	3.50%

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	
		2014	2013
Retiring at the end of the reporting year	– Male	**88.7**	88.6
	– Female	**90.2**	90.1
Retiring 20 years after the end of the reporting year	– Male	**90.6**	90.5
	– Female	**92.2**	92.1

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	**(5.1)**
0.1% increase in inflation rate	**2.5**
0.1% increase in salary increase rate	**0.9**
1 year increase in life expectancy	**6.8**

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:

	2014		2013	
	£m	**%**	£m	%
Equity instruments	**75.6**	**37%**	74.1	42%
Diversified growth funds	**59.7**	**29%**	51.2	29%
Gilts	**11.8**	**6%**	–	–
Bonds	**58.8**	**28%**	49.6	28%
Cash and cash equivalents	**0.6**	**–**	1.4	1%
Total	**206.5**	**100%**	176.3	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:

(a) 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.

(b) 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.

(c) 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.

(d) 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 2015 are £8.0m. The Company expects to contribute £0.4m.

The weighted average duration of the defined benefit obligation is 24 years.

Expected maturity analysis of the undiscounted pension benefits:

At 31 December 2014	Less than a year £m	Between 1–2 years £m	Between 2–5 years £m	Over 5 years £m	Total £m
Pension benefit payments	2.7	3.2	12.4	592.7	611.0

11. Finance income and costs

	Group	
	2014 £m	2013 £m
Bank interest receivable	**1.5**	1.1
Fair value gain – interest rate swaps	**–**	0.1
Finance income	**1.5**	1.2
Bank interest payable	**(2.0)**	(0.7)
Net interest on defined benefit pension obligation	**(0.3)**	(1.1)
Finance costs	**(2.3)**	(1.8)
Net finance cost	**(0.8)**	(0.6)

12. Income tax expense

	Group	
	2014 £m	2013 £m
Analysis of tax expense for the year		
Current tax		
United Kingdom:		
Corporation tax on profits for the year	**14.2**	12.9
Adjustment in respect of prior years	**0.6**	(0.2)
	14.8	12.7
Overseas tax	**11.7**	8.7
Adjustment in respect of prior years	**0.5**	(0.7)
Total current tax	**27.0**	20.7
Deferred tax		
Representing:		
United Kingdom	**(1.4)**	(2.9)
Effect of change in tax rates on deferred tax	**–**	1.2
Overseas tax	**(3.3)**	(0.5)
Adjustment in respect of prior years	**(0.3)**	0.2
Total deferred tax (Note 18)	**(5.0)**	(2.0)
Income tax expense	**22.0**	18.7

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the UK weighted average tax rate of 21.5% (2013: 23.25%) applicable to profits of the consolidated entities as follows:

	Group	
	2014 £m	2013 £m
Profit before tax	**84.7**	70.1
Tax on profit at 21.5% (2013: 23.25%)	**18.2**	16.3
Effects of:		
Adjustment in respect of prior years	**0.8**	(0.7)
Adjustments in respect of foreign tax rates	**0.4**	(1.0)
Utilisation of previously unprovided tax losses	**(7.3)**	(0.4)
Expenses and other charges not deductible for tax purposes	**11.1**	5.0
Effect of change in tax rates on deferred tax	**–**	1.2
Tax on joint ventures and associates	**(1.2)**	(1.7)
Income tax expense on profit	**22.0**	18.7

The effective tax rate of the Group for the year ended 31 December 2014 is 26.0% (2013: 26.7%), which is higher (2013: higher) than the UK weighted average applicable rate.

During the year, the UK corporation tax rate reduced from 23% to 21% with a further reduction to 20% that will be effective from 1 April 2015.

Deferred tax expected to reverse in the year ended 31 December 2015 has been remeasured using the effective rate that is expected to apply in the period. For UK deferred tax assets the rate is 20.25% and 20% for reversals expected after that date.

The tax (charged)/credited to other comprehensive income is as follows:

	Group		Company	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Tax on items that will not be reclassified to profit or loss				
Deferred tax credit/(charge) on pension actuarial losses/(gains)	**3.3**	(1.7)	**0.2**	(0.1)
	3.3	(1.7)	**0.2**	(0.1)
Tax on items that may subsequently be reclassified to profit or loss				
Current tax credit on employee benefits	**3.0**	4.0	**0.7**	0.5
Current tax credit/(charge) on foreign exchange reserves	**0.3**	(0.1)	**–**	–
Current tax credit on retirement benefits	**2.0**	2.1	**0.1**	0.1
Deferred tax on additional pension contributions	**(2.0)**	(2.1)	**(0.1)**	(0.1)
Deferred tax on pension – effect of tax rate change	**(0.2)**	(0.2)	**–**	–
Deferred tax (charge)/credit on employee benefits	**(1.9)**	(0.6)	**(0.6)**	0.3
Deferred tax credit/(charge) on revaluations of available-for-sale investments	**0.1**	(0.2)	**–**	–
Deferred tax credit on foreign exchange reserves	**0.1**	0.1	**–**	–
	1.4	3.0	**0.1**	0.8
Tax on items relating to components of other comprehensive income	**4.7**	1.3	**0.3**	0.7

13. Dividends – Group and Company

	Group 2014 £m	Group 2013 £m
Amounts recognised as distribution to equity holders in the year:		
Ordinary final dividend for 2013 of 7.0p per share (2012: 6.7p)	**9.0**	8.5
Supplemental interim dividend for 2013 of 8.5p per share (2012: 6.0p)	**11.0**	7.6
Interim dividend of 3.75p per share (2013: 3.5p)	**4.9**	4.5
	24.9	20.6

The Board recommends a final dividend of 7.25p (net) per ordinary share (amounting to £9.4m) is paid, alongside the supplemental interim dividend of 12.0p per ordinary share (amounting to £15.5m), to be paid on 18 May 2015 to shareholders on the register at 17 April 2015. 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 2014 financial year comprises an aggregate distribution of 23.0p per ordinary share (2013: 19.0p per ordinary share).

14. Earnings per share

14.1 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, 5,565,237 shares (2013: 5,525,661 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:

	2014 Earnings £m	2014 Shares million*	2014 EPS pence	2013 Earnings £m	2013 Shares million	2013 EPS pence
Basic earnings per share	**62.1**	**132.7**	**46.8**	50.8	127.7	39.8
Effect of additional shares issuable under option	**–**	**4.4**	**(1.5)**	–	5.6	(1.7)
Diluted earnings per share	**62.1**	**137.1**	**45.3**	50.8	133.3	38.1

* Included in both the basic and diluted weighted average number of shares calculations for the year ended 31 December 2014 are the 5,843,360 ordinary shares to be issued as part of the acquisition of Studley, Inc. (refer to Note 17.6(a) for further details).

14.2 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.

	2014 Earnings £m	2014 Shares million*	2014 EPS pence	2013 Earnings £m	2013 Shares million	2013 EPS pence
Basic earnings per share	**62.1**	**132.7**	**46.8**	50.8	127.7	39.8
Amortisation of intangible assets (excluding software) after tax	**1.5**	**–**	**1.1**	1.7	–	1.3
Impairment of available-for-sale investment after tax	**0.6**	**–**	**0.5**	–	–	–
Share-based payment adjustment after tax	**(2.2)**	**–**	**(1.7)**	(1.8)	–	(1.4)
Restructuring costs after tax	**0.9**	**–**	**0.7**	4.1	–	3.2
(Profit)/loss on disposal of available-for-sale investment and subsidiary after tax	**(2.0)**	**–**	**(1.5)**	0.3	–	0.2
Acquisition related costs after tax	**16.7**	**–**	**12.6**	–	–	–
Net tax effect following acquisition	**(4.4)**	**–**	**(3.3)**	–	–	–
Underlying basic earnings per share	**73.2**	**132.7**	**55.2**	55.1	127.7	43.1
Effect of additional shares issuable under option	**–**	**4.4**	**(1.8)**	–	5.6	(1.7)
Underlying diluted earnings per share	**73.2**	**137.1**	**53.4**	55.1	133.3	41.4

* Included in both the basic and diluted weighted average number of shares calculations for the year ended 31 December 2014 are the 5,843,360 ordinary shares to be issued as part of the acquisition of Studley, Inc. (refer to Note 17.6(a) for further details).

The Directors regard the adjustments on the previous table 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) £2.6m (2013: £2.1m), impairment of available-for-sale investment £0.6m (2013: £nil), share-based payment adjustment £2.9m credit (2013: £2.5m credit), restructuring costs of £0.9m (2013: £5.2m), profit on disposals of £2.0m (2013: loss of £0.3m) and acquisition related costs of £16.6m (2013: £nil).

15. Goodwill and intangible assets

						Group	Company
	Goodwill £m	**Customer/ business relationships £m**	**Investment and property management contracts £m**	**Order backlog £m**	**Computer software £m**	**Total £m**	**Total £m**
Cost							
At 1 January 2014	**178.1**	**20.7**	**11.4**	**–**	**15.2**	**225.4**	**3.4**
Additions through business combinations (Note 17.6)	**87.0**	**–**	**0.8**	**4.1**	**0.1**	**92.0**	**–**
Other additions	**–**	**–**	**0.1**	**–**	**1.4**	**1.5**	**0.2**
Disposals	**–**	**–**	**(0.8)**	**–**	**(1.5)**	**(2.3)**	**–**
Exchange movement	**4.9**	**–**	**(0.3)**	**0.3**	**–**	**4.9**	**–**
At 31 December 2014	**270.0**	**20.7**	**11.2**	**4.4**	**15.2**	**321.5**	**3.6**
Accumulated amortisation and impairment							
At 1 January 2014	**42.5**	**15.4**	**6.1**	**–**	**10.3**	**74.3**	**2.5**
Amortisation charge for the year	**–**	**1.8**	**0.3**	**0.5**	**2.0**	**4.6**	**0.5**
Disposals	**–**	**–**	**(0.8)**	**–**	**(1.5)**	**(2.3)**	**–**
Exchange movement	**(0.5)**	**(0.1)**	**(0.1)**	**–**	**0.1**	**(0.6)**	**–**
At 31 December 2014	**42.0**	**17.1**	**5.5**	**0.5**	**10.9**	**76.0**	**3.0**
Net book value							
At 31 December 2014	**228.0**	**3.6**	**5.7**	**3.9**	**4.3**	**245.5**	**0.6**

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.

					Group	Company
	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	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 1 January 2013	136.7	6.9	5.7	4.5	153.8	1.8
At 31 December 2013	135.6	5.3	5.3	4.9	151.1	0.9

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:

2014	**Transaction Advisory £m**	**Consultancy £m**	**Property and Facilities Management £m**	**Investment Management £m**	**Total £m**
United Kingdom	**25.7**	**9.3**	**4.9**	**5.4**	**45.3**
Continental Europe	**30.4**	**–**	**4.7**	**–**	**35.1**
Asia Pacific	**10.8**	**4.1**	**27.8**	**–**	**42.7**
United States	**107.1**	**–**	**–**	**–**	**107.1**
Total goodwill and indefinite life intangible assets	**174.0**	**13.4**	**37.4**	**5.4**	**230.2**

2013	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m
United Kingdom	25.7	9.3	4.9	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	82.4	13.3	38.2	4.0	137.9

15.1 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 (2013: £nil).

15.2 Assumptions

(a) Market conditions

In general, the models used assume that the property markets in which the Group operates (which drive its revenue growth) will remain stable.

(b) 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 discount range of rates used in each region for impairment testing are as follows:

	2014 Discount rate range	2013 Discount rate range
United Kingdom	**9.8%**	10.9%
Continental Europe	**9.8%**	10.9%
Asia Pacific	**9.5% – 14.4%**	9.3% – 21.0%
United States	**9.8%**	10.9%

(c) 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 rates are based on the long-term growth rate in the countries in which the Group operates. The long-term growth rates used in each region for impairment testing are as follows:

	2014 Long-term growth rate range	2013 Long-term growth rate range
United Kingdom	**2.0%**	2.0%
Continental Europe	**1.0% – 2.5%**	1.7% – 2.5%
Asia Pacific	**1.5% – 5.0%**	1.5% – 5.3%
United States	**1.9%**	1.9%

15.3 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.

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 expectations for future market conditions are key assumptions in the determination of the cash flow projections. For the purposes of the impairment tests, management expects the markets to remain stable.

Cost base – the cost base assumptions reflect 2014'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	Total £m
Cost				
At 1 January 2014	**0.1**	**33.0**	**54.2**	**87.3**
Additions through business combinations (Note 17.6)	**–**	**1.9**	**3.6**	**5.5**
Additions	**–**	**7.0**	**5.7**	**12.7**
Disposals	**–**	**(6.0)**	**(14.5)**	**(20.5)**
Exchange movement	**–**	**0.1**	**0.5**	**0.6**
At 31 December 2014	**0.1**	**36.0**	**49.5**	**85.6**
Accumulated depreciation and impairment				
At 1 January 2014	**–**	**12.6**	**41.3**	**53.9**
Charge for the year	**–**	**2.8**	**5.6**	**8.4**
Disposals	**–**	**(5.8)**	**(14.4)**	**(20.2)**
Exchange movement	**–**	**–**	**0.3**	**0.3**
At 31 December 2014	**–**	**9.6**	**32.8**	**42.4**
Net book value				
At 31 December 2014	**0.1**	**26.4**	**16.7**	**43.2**

The Directors consider that the fair value of property, plant and equipment approximates carrying value.

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	–	–	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 1 January 2013	0.1	7.7	10.7	–	18.5
At 31 December 2013	0.1	20.4	12.9	–	33.4

Notes to the financial statements
Year ended 31 December 2014 continued

Company	Freehold property £m	Short Leasehold Property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2014	**0.1**	**0.4**	**5.4**	**5.9**
Additions	**–**	**0.2**	**1.1**	**1.3**
Disposals	**–**	**(0.3)**	**–**	**(0.3)**
At 31 December 2014	**0.1**	**0.3**	**6.5**	**6.9**
Accumulated depreciation and impairment				
At 1 January 2014	**–**	**0.2**	**3.1**	**3.3**
Charge for the year	**–**	**–**	**1.2**	**1.2**
At 31 December 2014	**–**	**0.2**	**4.3**	**4.5**
Net book value				
At 31 December 2014	**0.1**	**0.1**	**2.2**	**2.4**

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 1 January 2013	0.1	1.2	1.0	2.3
At 31 December 2013	0.1	0.2	2.3	2.6

17. Investments and transactions

17.1 Group – Investments in joint ventures and associates

	Joint ventures			Associates		
	Investment £m	**Loans £m**	**Total £m**	**Investment £m**	**Goodwill £m**	**Total £m**
Cost or valuation						
At 1 January 2014	**2.6**	**2.5**	**5.1**	**1.8**	**0.3**	**2.1**
Additions through business combinations	**–**	**–**	**–**	**2.0**	**–**	**2.0**
Additions	**1.9**	**–**	**1.9**	**0.2**	**–**	**0.2**
Loans repaid	**–**	**(0.6)**	**(0.6)**	**(0.3)**	**–**	**(0.3)**
Exchange movement	**0.2**	**–**	**0.2**	**0.2**	**–**	**0.2**
At 31 December 2014	**4.7**	**1.9**	**6.6**	**3.9**	**0.3**	**4.2**
Share of profit						
At 1 January 2014	**4.3**	**–**	**4.3**	**5.2**	**–**	**5.2**
Group's share of retained profit	**3.7**	**–**	**3.7**	**3.3**	**–**	**3.3**
Dividends received	**(3.1)**	**–**	**(3.1)**	**(2.3)**	**–**	**(2.3)**
Exchange movement	**0.3**	**–**	**0.3**	**–**	**–**	**–**
At 31 December 2014	**5.2**	**–**	**5.2**	**6.2**	**–**	**6.2**
Total						
At 31 December 2014	**9.9**	**1.9**	**11.8**	**10.1**	**0.3**	**10.4**

	Joint ventures			Associates		
	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

The Group does not have any joint ventures or associates that are individually material.

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.

Notes to the financial statements

Year ended 31 December 2014 continued

17.2 Group – Available-for-sale investments

	Group 2014 £m	Group 2013 £m
At 1 January	**14.8**	15.0
Additions	**0.4**	0.2
Disposals	**(3.0)**	(2.3)
Net fair value gain transferred to other comprehensive income	**0.3**	1.8
Impairment through the income statement	**(0.3)**	–
Exchange movement	**(0.5)**	0.1
At 31 December	**11.7**	14.8

Available-for-sale investments comprise the following:

		Group 2014 £m	Group 2013 £m
Unlisted securities	UK – equity securities	**1.0**	2.0
	UK – investment funds	**2.3**	3.4
	European – limited partnerships	**0.1**	0.1
	European – investment funds	**8.0**	9.0
	Asia Pacific – equity securities	**0.3**	0.3
		11.7	14.8

Available-for-sale investments are denominated in the following currencies:

	Group 2014 £m	Group 2013 £m
Sterling	**3.3**	5.4
Euro	**8.1**	9.1
Other	**0.3**	0.3
	11.7	14.8

At 31 December 2014, 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
Cordea Savills Dawn Syndication LP (registered in England and Wales)	3.50%	Investment 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.

The Group transferred losses of £0.3m (2013: £nil) from equity to the income statement relating to impairments of available-for-sale investments. An additional £0.3m impairment charge was recognised directly in the income statement (2013: £nil).

In January 2014 the Group recognised a profit on disposal of £1.7m in relation to the disposal of its shareholding in Pinnacle Regeneration Group Limited. In July 2014 the Group recognised a loss on disposal of £0.2m in relation to the disposal of its shareholding in Cordea Savills Student Hall Fund. During 2014, the Group recognised the final receipt of £0.5m in relation to the disposal of the Group's 4.3% shareholding in IPD Group Ltd in 2012.

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 2014 the Group held conditional commitments to co-invest £0.2m (2013: £0.4m) in the Cordea Savills UK Property Ventures Fund No. 1 LP, £0.1m (2013: £0.1m) in the Cordea Savills Italian Opportunities Fund 2 and £0.1m in the Prime London Residential Development Fund (2013: £0.5m).

17.3 Group – Investments in subsidiaries

The principal subsidiaries 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 and place of business. Except where otherwise noted, they are wholly-owned, have share capital wholly comprised of ordinary shares and are consolidated into the Group financial statements. Holding interests are the same as voting interests. The shares/interests of the principal subsidiaries below are all held indirectly by the Company.

A full list of the Group's subsidiaries is available from the registered office of Savills plc.

Subsidiary undertakings	Country of incorporation/ Place of business	Holding	Main activities
Cordea Savills LLP+	United Kingdom	100%	Investment management
Savills (UK) Limited	United Kingdom	100%	Property agency, consultants and management
Prime Purchase Limited	United Kingdom	100%	Property buying company
Cordea Savills Investment Management Limited	United Kingdom	100%	Asset manager
Savills Studley, Inc.	United States	100%	Tenant representation
Savills Commercial (Ireland) Limited	Ireland	100%	Property consultants
Savills Consultores Inmobiliarios SA	Spain	100%	Property consultants
Savills Immobilien Beratungs GmbH	Germany	100%	Property consultants
Savills SA	France	99.97%	Property consultants
Savills Italy SRL	Italy	100%	Property consultants
Savills Nederland Holding BV	Netherlands	90.25%	Property consultants
Savills Sweden AB	Sweden	100%	Property consultants
Förvaltningsaktiebolaget Stadsmuren	Sweden	100%	Project management
Loudden Bygg-och Fastighetsservice AB	Sweden	70%	Facilities management
Savills Spolka z Organiczona	Poland	100%	Property consultants
Savills Belux Group SA	Belgium	99.9%	Property consultants
Savills (Hong Kong) Limited	Hong Kong	100%	Mixed practice agency, valuation and research
Savills Valuation and Professional Services Limited	Hong Kong	100%	Valuation and research
Savills Property Management Limited	Hong Kong	100%	Property management
Guardian Property Management Limited	Hong Kong	100%	Property management
Savills (Singapore) Pte Limited	Singapore	100%	Property management and agency
Savills Japan KK	Japan	100%	Property management and agency
Savills Property Services (Shanghai) Co Limited	China	100%	Property management
Savills Property Services (Beijing) Co Limited	China	100%	Property management
Savills Korea Asset Management Limited	Korea	100%	Property management
Savills Korea Co. Limited	Korea	100%	Property agency and consultants
Savills (Vietnam) Limited	Vietnam	98%	Property management and agency
Savills (Thailand) Limited	Thailand	100%	Property agency, consultants and management
Savills (Taiwan) Limited	Taiwan	100%	Property agency and consultants
Savills (Myanmar) Limited	Myanmar	100%	Property agency, consultants and management
Savills (Aust) Pty Limited	Australia	99.28%	Property agency, consultants and management

+ Limited Liability Partnership.

The total non-controlling interest for the year is £0.8m. The non-controlling interests in respect of the above subsidiaries that the Group does not own a holding of 100% are not considered to be individually material.

See Note 17.5 for transactions with non-controlling interests and Note 20 for details on restrictions on the Group's ability to access cash in the Group's Asia Pacific operating subsidiaries.

17.4 Company – Investments in subsidiaries

	Shares in Group undertaking £m	Loans to Group undertakings £m	Total £m
Cost			
At 1 January 2013	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
Additions	**34.9**	**–**	**34.9**
Loans repaid	**–**	**(4.9)**	**(4.9)**
At 31 December 2014	**57.2**	**52.3**	**109.5**

17.5 Transactions with non-controlling interests

During the year, the Group undertook the following transactions with non-controlling interests:

Name	Date	Holding acquired	Total holding at 31 December 2014
Savills Belux Group SA	June 2014	29.9%	**99.9%**
Savills Nederland Holding BV	October 2014	3.25%	**90.25%**
Savills (Aust) Holdings Pty Limited	November 2014	3.28%	**99.28%**

(a) Acquisitions of additional interest in subsidiaries

Under IFRS 10, 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 June 2014, the Group acquired an additional 29.9% of the shares in Savills Belux Group SA for consideration of £1.3m. This takes the Group's shareholding to 99.9%. The carrying amount of Savills Belux Group SA's net liabilities on the date of acquisition was £0.3m. The Group recognised an increase in non-controlling interest of £0.1m. The amount charged to retained earnings in respect of this transaction was £1.4m.

In October 2014, the Group acquired an additional 3.25% of the shares in Savills Nederland Holding BV for consideration of £0.1m. This takes the Group's shareholding to 90.25%. The carrying amount of Savills Nederland Holding BV's net liabilities on the date of the acquisition was £1.9m. The Group recognised an increase in non-controlling interest of £0.1m. The amount charged to retained earnings in respect of this transaction was £0.2m.

In November 2014, the Group acquired an additional 3.28% of the shares in Savills (Aust) Holdings Pty Limited for consideration of £0.5m. This takes the Group's shareholding to 99.28%. The carrying amount of Savills (Aust) Holdings Pty Limited's net assets on the date of the acquisition was £17.9m. The Group recognised a decrease in non-controlling interest of £0.5m. The amount charged to retained earnings in respect of this transaction was £nil.

	2014 £m
Carrying amount of non-controlling interests acquired	**0.3**
Consideration paid to non-controlling interests	**(1.9)**
Excess of consideration paid recognised in parent's equity	**(1.6)**

17.6 Acquisitions of subsidiaries

(a) Studley, Inc.

On 30 May 2014 the Group acquired 100% of the share capital, by way of a Merger Agreement, of Studley, Inc. and related companies ('Studley'), a leading independent commercial real estate services firm specialising in tenant representation in the United States. The acquisition will provide the Group with a strong platform in the United States from which it can continue to grow its business in the region, as well as strengthening the Group's global platform.

Total acquisition consideration was £116.2m, of which £40.5m was settled in cash on completion. £34.9m relates to the fair value of 5,843,360 ordinary shares of Savills plc to be issued in three equal annual tranches commencing on the first anniversary of completion. The shares to be issued were valued using the Actuarial Binomial model of actuaries Lane Clark & Peacock LLP. The remainder of the acquisition consideration relates to the discounted value of unconditional promissory notes, £35.8m payable on the first anniversary of completion and £5.0m payable on the third anniversary of completion.

Certain selling stockholders will also receive payments of up to £36.6m in the form of promissory notes payable on the third anniversary of completion only if they remain actively engaged in the business at the payment date. Further to this, contingent bonus consideration of up to £14.9m is payable to Studley's staff in March 2018 subject to the achievement of certain earnings growth targets measured over the three financial years to 31 December 2017. As required by IFRS 3 (revised) these payments are expensed to the income statement over the relevant periods of active engagement (31 December 2014: £9.9m).

Acquisition transaction costs of £4.5m were also expensed as incurred to the income statement.

Goodwill of £85.6m and intangible assets of £4.1m relating to the order backlog have been provisionally determined. Goodwill is attributed to the experience, reputation and expertise of key brokers and is not expected to be deductible for tax purposes.

The acquired business contributed revenue of £104.6m and underlying profit of £12.7m to the Group for the period from 1 June 2014 to 31 December 2014. Had the acquisition been made at the beginning of the financial year, revenue would have been £164.3m and underlying profit would have been £16.6m.

The fair values of the assets acquired and liabilities assumed are provisional and will be finalised within 12 months of the acquisition date. These are summarised below:

	Provisional fair value to the Group £m
Property, plant and equipment	5.5
Intangible assets	4.2
Investment in associates	2.0
Deferred income tax assets	10.4
Non-current receivables	4.5
Current assets: Trade and other receivables	21.8
Current income tax receivables	1.6
Assets classified as held for sale	8.4
Cash and cash equivalents	23.4
Total assets	81.8
Current liabilities: Trade and other payables	(44.9)
Current income tax liabilities	(0.2)
Deferred income tax liabilities	(1.7)
Non-current trade and other payables	(4.4)
Net assets acquired	**30.6**
Goodwill	85.6
Purchase consideration	**116.2**

Consideration satisfied by:	
Net cash paid	40.5
Fair value of shares to be transferred	34.9
Discounted value of unconditional promissory notes owing at reporting date	40.8
	116.2

The fair value of non-current and current trade and other receivables is £26.3m and includes commissions receivable with a fair value of £19.8m. The gross contractual amount for commissions receivable is £20.7m, of which £0.6m is expected to be uncollectible.

Notes to the financial statements

Year ended 31 December 2014 continued

(b) Other acquisitions

In May 2014, the Group completed on the acquisition of certain trade and assets of Merchant Capital KK, a Japanese asset management company focused on real estate and real estate related assets. Total acquisition consideration was £2.2m, of which £1.5m has been settled in cash as at the end of the financial year with a further £0.7m contingent consideration payable in 2017 based upon performance of the business. Goodwill of £1.4m and intangible assets of £0.8m relating to customer contracts have been provisionally determined. Goodwill is attributable to the experience and expertise of key staff and strong industry reputation.

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	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Deferred tax assets				
– Deferred tax asset to be recovered after more than 12 months	**34.3**	23.3	**2.1**	2.9
– Deferred tax asset to be recovered within 12 months	**7.7**	3.5	**0.6**	0.3
	42.0	26.8	**2.7**	3.2
Deferred tax liabilities				
– Deferred tax liability to be recovered after more than 12 months	**(3.0)**	(0.9)	**–**	–
– Deferred tax liability to be recovered within 12 months	**(0.2)**	(0.6)	**–**	–
	(3.2)	(1.5)	**–**	–
Deferred tax asset – net	**38.8**	25.3	**2.7**	3.2

	Group		Company	
	2014 £m	2013 £m	**2014 £m**	2013 £m
At 1 January – asset	**25.3**	28.2	**3.2**	2.5
Amount credited to the income statement (Note 12)	**5.0**	3.2	**–**	0.7
Effect of UK tax rate change within the income statement (Note 12)	**–**	(1.2)	**–**	(0.1)
Tax charged to other comprehensive income				
– Pension asset on actuarial loss/(gain)	**3.3**	(1.7)	**0.2**	(0.1)
– Pension asset on additional contributions	**(2.0)**	(2.1)	**(0.1)**	(0.1)
– Pension asset – effect of UK tax rate change within other comprehensive income	**(0.2)**	(0.2)	**–**	–
– Employee benefits	**(1.9)**	(0.6)	**(0.6)**	0.3
– Revaluations of available-for-sale investments	**0.1**	(0.2)	**–**	–
– Movement on foreign exchange reserves	**0.1**	0.1	**–**	–
Additions through business combinations (Note 17.6 (a))	**8.7**	–	**–**	–
Exchange movement	**0.4**	(0.2)	**–**	–
At 31 December – asset	**38.8**	25.3	**2.7**	3.2

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 £0.3m (2013: £7.6m) in respect of losses amounting to £1.5m (2013: £23.5m) that can be carried forward indefinitely against future taxable income (2013: £23.5m remained available for offset indefinitely).

Deferred tax assets – Group	Accelerated capital allowances £m	Other including provisions £m	Tax losses £m	Retirement benefits £m	Employee benefits £m	Total £m
At 1 January 2013	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
Amount (charged)/credited to the income statement (Note 12)	**(0.4)**	**(0.5)**	**4.2**	**0.1**	**1.8**	**5.2**
Tax credited/(charged) to other comprehensive income (Note 12)	**–**	**–**	**–**	**1.3**	**(1.9)**	**(0.6)**
Effect of tax rate change charged to other comprehensive income (Note 12)	**–**	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Additions through business combinations	**–**	**3.4**	**7.0**	**–**	**–**	**10.4**
Exchange movement	**–**	**–**	**0.4**	**–**	**–**	**0.4**
At 31 December 2014	**0.3**	**10.4**	**19.1**	**3.9**	**8.3**	**42.0**

Deferred tax liabilities – Group	Accelerated capital allowances £m	Other including provisions £m	Revaluations £m	Intangible assets £m	Total £m
At 1 January 2013	–	(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)
Amount charged to the income statement (Note 12)	**(0.1)**	**–**	**–**	**(0.1)**	**(0.2)**
Tax credited to other comprehensive income (Note 12)	**–**	**0.1**	**0.1**	**–**	**0.2**
Additions through business combinations	**–**	**–**	**–**	**(1.7)**	**(1.7)**
At 31 December 2014	**(0.2)**	**(0.1)**	**(0.2)**	**(2.7)**	**(3.2)**
Net deferred tax asset					
At 31 December 2014					**38.8**
At 31 December 2013					25.3

Deferred tax assets – Company	Accelerated capital allowances £m	Other including provisions £m	Retirement benefits £m	Employee benefits £m	Total £m
At 1 January 2013	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
As at 31 December 2013	0.3	0.7	0.1	2.1	3.2
Amount (charged)/credited to the income statement	**(0.1)**	**(0.2)**	**–**	**0.3**	**–**
Tax credited/(charged) to other comprehensive income (Note 12)	**–**	**–**	**0.1**	**(0.6)**	**(0.5)**
At 31 December 2014	**0.2**	**0.5**	**0.2**	**1.8**	**2.7**
Net deferred tax asset					
At 31 December 2014					**2.7**
At 31 December 2013					3.2

19. Trade and other receivables

	Group		Company	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Trade receivables	**257.0**	201.7	**–**	–
Less: provision for impairment of receivables	**(14.0)**	(13.0)	**–**	–
Trade receivables – net	**243.0**	188.7	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**16.3**	14.1
Other receivables	**22.3**	17.6	**0.1**	0.3
Prepayments and accrued income	**42.6**	34.2	**0.8**	1.6
	307.9	240.5	**17.2**	16.0

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 2014, trade receivables of £176.9m (2013: £127.8m) were neither past due nor impaired and fully performing.

As at 31 December 2014, trade receivables of £14.0m (2013: £13.0m) 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	
	2014 £m	2013 £m
Up to 3 months	**0.4**	0.6
3 to 6 months	**2.2**	3.8
Over 6 months	**11.4**	8.6
	14.0	13.0

As at 31 December 2014, trade receivables of £66.1m (2013: £60.9m) 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	
	2014 £m	2013 £m
Up to 3 months	**43.8**	43.5
3 to 6 months	**10.3**	10.0
Over 6 months	**12.0**	7.4
	66.1	60.9

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group	
	2014 £m	2013 £m
Sterling	**147.9**	127.9
Euro	**35.0**	30.3
Hong Kong dollar	**34.3**	30.5
US dollar	**28.2**	0.3
Australian dollar	**26.0**	18.1
Other*	**36.5**	33.4
	307.9	240.5

* Other currencies include 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	
	2014 £m	2013 £m
At 1 January	**(13.0)**	(8.4)
Provisions for receivables impairment	**(9.0)**	(6.8)
Receivables written off during the year as uncollectible	**1.9**	1.2
Unused provisions released	**6.3**	0.8
Exchange movements	**(0.2)**	0.2
At 31 December	**(14.0)**	(13.0)

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		Company	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Cash at bank and in hand	**150.9**	115.5	**78.1**	70.9
Short-term bank deposits	**7.2**	6.7	**–**	–
	158.1	122.2	**78.1**	70.9

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 2014 was 1.64% (2013: 1.98%); these deposits have an average maturity of 59 days (2013: 62 days).

Notes to the financial statements
Year ended 31 December 2014 continued

Cash subject to restrictions in Asia Pacific amounts to £18.7m (2013: £20.0m) which is cash pledged to banks in relation to property management contracts and cash remittance restrictions in certain countries. These amounts are consolidated.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Sterling	**9.2**	31.0	**78.0**	70.9
Hong Kong dollar	**39.3**	36.9	**–**	–
US dollar	**38.6**	2.3	**–**	–
Euro	**16.7**	6.4	**0.1**	–
Chinese renminbi	**19.4**	21.4	**–**	–
Australian dollar	**6.4**	7.1	**–**	–
Japanese yen	**12.7**	6.4	**–**	–
Singapore dollar	**4.9**	3.1	**–**	–
South Korean won	**5.1**	3.5	**–**	–
Other currencies*	**5.8**	4.1	**–**	–
	158.1	122.2	**78.1**	70.9

* 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		Company	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Deferred consideration	**38.5**	0.5	**–**	–
Trade payables	**63.9**	33.5	**0.7**	0.3
Amounts owed to subsidiary undertakings	**–**	–	**2.7**	0.9
Other taxation and social security	**38.7**	35.3	**8.0**	7.4
Other payables	**17.7**	11.0	**–**	–
Accruals and deferred income*	**247.2**	186.0	**11.1**	10.5
	406.0	266.3	**22.5**	19.1

* 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	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Deferred consideration	**14.2**	–	**–**	–
Other payables	**7.3**	0.2	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**–**	7.0
	21.5	0.2	**–**	7.0

23. Borrowings

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Current				
Unsecured bank loans due within one year or on demand	**3.9**	6.8	**–**	–
	3.9	6.8	**–**	–
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 2014, £3.0m was outstanding (2013: £9.0m) and due within one year (2013: £6.0m).

In November 2014 Savills (Aust) Pty Limited borrowed £1.4m as a working capital loan. The borrowings are denominated in Australian dollars and have an effective interest rate of 5.1%. The loan is repaid in equal monthly instalments until August 2015. At 31 December, at the year end exchange rate, £0.9m was outstanding (2013: £0.8m) and is due within one year. A similar loan entered into in October 2013 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 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Less than 1 year	**3.9**	6.8	**–**	–
Between 1 and 2 years	**–**	3.0	**–**	–
	3.9	9.8	**–**	–

The maturity of non-current borrowings is as follows:

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Between 1 and 2 years	**–**	3.0	**–**	–
	–	3.0	**–**	–

The effective interest rates at the reporting date were as follows:

	Group 2014 £m	Group 2013 £m
Bank loans	**3.25%**	2.91%

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 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Sterling	**3.0**	9.0	**–**	–
Australian dollar	**0.9**	0.8	**–**	–
	3.9	9.8	**–**	–
The Group has the following undrawn borrowing facilities:				
Floating rate – expiring within 1 year or on demand	**19.8**	20.5	**–**	–
Floating rate – expiring between 1 and 5 years	**150.0**	90.0	**–**	–

On 30 April 2014 the Group exercised £60m of the £90m Accordion facility, increasing the multi-currency revolving credit facility ('RCF') to £150m from £90m. The RCF expires in June 2017 and the residual £30m Accordion facility remains available. As at 31 December 2014 the RCF was undrawn.

24. Derivative financial instruments

2014	Group Assets £m	Group Liabilities £m	Company Assets £m	Company Liabilities £m
Forward foreign exchange contracts – at fair value	–	–	–	–

2013	Group Assets £m	Group Liabilities £m	Company Assets £m	Company Liabilities £m
Forward foreign exchange contracts – at fair value	0.1	–	–	–

(a) Forward foreign exchange contracts

The gross notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2014 were £4.9m (2013: £7.0m). 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. Provisions

25.1 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 2014	20.1	3.5	2.2	0.8	26.6	1.2
Provided during the year	6.5	1.4	0.3	–	8.2	–
Utilised during the year	(5.1)	–	(0.4)	(0.3)	(5.8)	–
Released during the year	(1.7)	(0.1)	(0.4)	(0.3)	(2.5)	–
Exchange movement	–	0.1	–	–	0.1	–
Total	19.8	4.9	1.7	0.2	26.6	1.2
Less non-current portion	12.4	3.7	1.2	–	17.3	1.2
Current portion	7.4	1.2	0.5	0.2	9.3	–

2013	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group Total £m	Company £m
Current	8.3	1.2	0.6	0.8	10.9	–
Non-current	11.8	2.3	1.6	–	15.7	1.2
Total	20.1	3.5	2.2	0.8	26.6	1.2

(a) 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.

(b) 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.

(c) 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.

(d) Restructuring provision

This provision comprises termination payments to employees affected by restructuring and lease termination penalties.

25.2 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 2014	**14.2**
Provided during the year	**9.0**
Utilised during the year	**(6.7)**
Exchange movements	**(0.1)**
At 31 December 2014	**16.4**

The above provisions relate to holiday pay and long service leave in UK, Asia Pacific and Continental Europe. Profit shares are included within accruals (Note 21).

The Company had no employee benefit obligations at 31 December 2014 or 31 December 2013.

The above employee benefit obligations have been analysed between current and non-current as follows:

	Group	
	2014 £m	2013 £m
Current	**6.6**	6.3
Non-current	**9.8**	7.9
	16.4	14.2

26. Share capital – Group and Company

Authorised and allotted	**2014 Number of shares**	2013 Number of shares	**2014 £m**	2013 £m
Ordinary shares of 2.5p each:				
Authorised	**202,000,000**	202,000,000	**5.1**	5.1
Issued, called up and fully paid	**134,891,171**	134,280,732	**3.4**	3.4

Movement in issued, called up and fully paid share capital

	2014		2013	
	Number of shares	**£m**	Number of shares	£m
At 1 January	**134,280,732**	**3.4**	133,342,240	3.3
Issued to direct participants under the Performance Share Plan	**610,439**	**–**	–	–
Issued to direct participants on exercise of options under the Sharesave Scheme	**–**	**–**	243,879	–
Issued to direct participants on exercise of options under the Executive Share Option Scheme (2001)	**–**	**–**	694,613	0.1
At 31 December	**134,891,171**	**3.4**	134,280,732	3.4

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 2014, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 5,562,242 shares (2013: 5,525,661 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 2.21.

At the Annual General Meeting (AGM) held on 12 May 2014, the shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 13,428,073 of its own ordinary shares (AGM held on 8 May 2013: 13,347,638). Such authority remains valid until the conclusion of the next AGM or 11 November 2015, whichever is the earlier.

Notes to the financial statements

Year ended 31 December 2014 continued

27. Share-based payment

Details of the terms of the following schemes are contained in the Remuneration report on pages 53 to 60.

27.1 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 2014:

Date of grant	Exercise period	Approved/ unapproved	Exercise price	**2014 Number of shares '000**	2013 Number of shares '000
17 April 2009	7 years from 17 April 2012	Approved	288.8p	**10**	10
17 April 2009	7 years from 17 April 2012	Unapproved	288.8p	**114**	114
19 April 2010	7 years from 19 April 2013	Unapproved	341.0p	**176**	176
				300	300

A reconciliation of option movements over the year to 31 December 2014 is shown below:

	2014		2013	
	Number of shares '000	**Weighted average exercise price**	Number of shares '000	Weighted average exercise price
Outstanding at 1 January	**300**	**319.3p**	995	314.0p
Exercised	**–**	**–**	(695)	311.7p
Outstanding at 31 December	**300**	**319.3p**	300	319.3p
Exercisable at 31 December	**300**	**319.3p**	300	319.3p

The weighted average share price on the date of exercise during the year was £nil (2013: 566.3p) and total consideration of £nil (2013: £2.2m) was received.

The weighted average remaining contractual life of share options outstanding at 31 December 2014 is 4.9 years (2013: 5.9 years).

27.2 Sharesave Scheme

There were no options outstanding under the scheme as at 31 December 2014 and 31 December 2013. In 2013, 243,879 shares were allotted directly to participants on the exercise of options under the Sharesave Scheme, for consideration of £0.7m.

A reconciliation of option movements over the year to 31 December 2014 is shown below:

	2014		2013	
	Number of shares '000	**Weighted average exercise price**	Number of shares '000	Weighted average exercise price
Outstanding at 1 January	**–**	**–**	245	267.0p
Lapsed	**–**	**–**	(1)	267.0p
Exercised	**–**	**–**	(244)	267.0p
Outstanding at 31 December	**–**	**–**	–	–
Exercisable at 31 December	**–**	**–**	–	–

The weighted average share price on the date of exercise during 2013 was 615.8p.

27.3 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 2014:

Date of award	Deferred period	Vesting date	**2014 Number of shares '000**	2013 Number of shares '000
17 April 2009	5 years	17 April 2014	**–**	494
13 April 2010	5 years	13 April 2015	**29**	40
30 March 2011	3 years	30 March 2014	**–**	710
30 March 2011	5 years	30 March 2016	**540**	571
19 April 2012	3 years	19 April 2015	**419**	419
19 April 2012	5 years	19 April 2017	**311**	324
11 April 2013	3 years	11 April 2016	**187**	202
11 April 2013	4 years	11 April 2017	**270**	274
11 April 2013	5 years	11 April 2018	**8**	8
18 June 2013	3 years	18 June 2016	**325**	326
10 April 2014	3 years	10 April 2017	**91**	–
10 April 2014	4 years	10 April 2018	**570**	–
10 April 2014	5 years	10 April 2019	**26**	–
13 May 2014	3 years	13 May 2017	**332**	–
13 May 2014	4 years	13 May 2018	**50**	–
			3,158	3,368

As at 31 December 2014, 364 (2013: 289) 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 is shown below:

	2014		2013	
	Number of shares '000	**Weighted average share price at date of exercise**	Number of shares '000	Weighted average share price at date of exercise
Outstanding at 1 January	**3,368**	**–**	4,213	–
Granted	**1,091**	**–**	831	–
Forfeited	**(84)**	**–**	(91)	–
Exercised	**(1,217)**	**515.6p**	(1,585)	582.6p
Outstanding at 31 December	**3,158**	**–**	3,368	–
Exercisable at 31 December	**–**	**–**	–	–

The weighted average exercise price for awards granted under this scheme is £nil (2013: £nil). No awards were exercisable under this scheme as at 31 December 2014 (31 December 2013: nil).

The weighted average remaining contractual life of share options outstanding at 31 December 2014 is 1.9 years (2013: 1.6 years).

Notes to the financial statements
Year ended 31 December 2014 continued

27.4 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 2014:

Date of grant	Deferred period	Vesting date	**2014 Number of shares '000**	2013 Number of shares '000
10 September 2009	5 years	10 September 2014	**–**	6
13 April 2010	4 years	13 April 2014	**–**	331
13 April 2010	5 years	13 April 2015	**1,352**	1,412
30 March 2011	3 years	30 March 2014	**–**	643
30 March 2011	4 years	30 March 2015	**362**	362
30 March 2011	5 years	30 March 2016	**348**	348
27 September 2011	3 years	27 September 2014	**–**	110
27 September 2011	5 years	27 September 2016	**43**	43
19 April 2012	3 years	19 April 2015	**494**	508
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	**69**	75
11 April 2013	4 years	11 April 2017	**595**	632
11 April 2013	5 years	11 April 2018	**52**	52
26 June 2013	3 years	26 June 2016	**10**	10
26 June 2013	4 years	26 June 2017	**33**	33
19 September 2013	3 years	19 September 2016	**78**	78
19 September 2013	4 years	19 September 2017	**13**	13
19 September 2013	5 years	19 September 2018	**2**	2
10 April 2014	3 years	10 April 2017	**255**	–
13 May 2014	3 years	13 May 2017	**6**	–
12 August 2014	3 years	12 August 2017	**29**	–
12 August 2014	4 years	12 August 2018	**87**	–
12 August 2014	5 years	12 August 2019	**154**	–
			4,133	4,809

As at 31 December 2014, 242 individuals (2013: 246) 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 is shown below:

	2014		2013	
	Number of shares '000	**Weighted average share price at date of exercise**	Number of shares '000	Weighted average share price at date of exercise
Outstanding at 1 January	**4,809**	**–**	5,548	–
Granted	**531**	**–**	909	–
Forfeited	**(101)**	**–**	(115)	–
Exercised	**(1,106)**	**624.2p**	(1,533)	546.5p
Outstanding at 31 December	**4,133**	**–**	4,809	–
Exercisable at 31 December	**–**	**–**	–	–

The weighted average exercise price for awards granted under this scheme is £nil (2013: £nil). No awards were exercisable under this scheme as at 31 December 2014 (31 December 2013: nil).

The weighted average remaining contractual life of share options outstanding at 31 December 2014 is 1.2 years (2013: 1.5 years).

27.5 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:

Date of grant	Vesting date	Approved/ unapproved	**2014 Number of shares '000**	2013 Number of shares '000
27 May 2011	27 May 2014		**–**	552
17 April 2012	17 April 2015	Approved	**34**	34
17 April 2012	17 April 2015	Unapproved	**621**	621
12 August 2014	12 August 2017	Approved	**10**	–
12 August 2014	12 August 2014	Unapproved	**294**	–
			959	1,207

As at 31 December 2014, 9 individuals (2013: 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 is shown below:

	2014		2013	
	Number of shares '000	**Weighted average share price at date of exercise**	Number of shares '000	Weighted average share price at date of exercise
Outstanding at 1 January	**1,207**	**–**	1,207	–
Granted	**304**	**–**	–	–
Exercised	**(552)**	**614.4p**	–	–
Outstanding at 31 December	**959**	**–**	1,207	–
Exercisable at 31 December	**–**	**–**	–	–

The weighted average remaining contractual life of share options outstanding at 31 December 2014 is 1.0 years (2013: 0.9 years).

Notes to the financial statements
Year ended 31 December 2014 continued

27.6 Fair value of options
Options and awards for the 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 of Company share price	25% 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
Early exercise	50% of employees exercise early when options and awards are 20% in the money (ESOS only)
Performance criteria	All vest after three years

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 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
DSBP 2014	10 April 2014	653.0
DSBP 2014	13 May 2014	623.5
DSP 2009	10 September 2009	351.9
DSP 2010	13 April 2010	340.2
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
DSP 2014	10 April 2014	653.0
DSP 2014	13 May 2014	623.5
DSP 2014	12 August 2014	600.0
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
PSP 2014	12 August 2014	423.7

The total charge for the year relating to employee share-based payments plans was £10.5m (2013: £10.4m), all of which related to equity-settled share-based payment transactions.

28. Retained earnings and other reserves

	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 2014	**24.0**	**(19.2)**	**154.6**	**159.4**	**0.3**	**14.9**	**1.9**	**17.1**
Profit attributable to owners of the Company	**–**	**–**	**62.1**	**62.1**	**–**	**–**	**–**	**–**
Other comprehensive (loss)/income	**–**	**–**	**(11.2)**	**(11.2)**	**–**	**6.1**	**0.6**	**6.7**
Employee share option scheme:								
– Value of services provided	**10.5**	**–**	**–**	**10.5**	**–**	**–**	**–**	**–**
– Exercise of options	**(9.7)**	**6.8**	**2.9**	**–**	**–**	**–**	**–**	**–**
Purchase of treasury shares	**–**	**(12.1)**	**–**	**(12.1)**	**–**	**–**	**–**	**–**
Share-based payment settlement	**–**	**–**	**(3.6)**	**(3.6)**	**–**	**–**	**–**	**–**
Disposal of available-for-sale investments (net of tax)	**–**	**–**	**–**	**–**	**–**	**–**	**(1.3)**	**(1.3)**
Dividends	**–**	**–**	**(24.9)**	**(24.9)**	**–**	**–**	**–**	**–**
Transactions with non-controlling interests	**–**	**–**	**(1.6)**	**(1.6)**	**–**	**–**	**–**	**–**
Balance at 31 December 2014	**24.8**	**(24.5)**	**178.3**	**178.6**	**0.3**	**21.0**	**1.2**	**22.5**
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)	–	–	–	–
Share-based payment settlement	–	–	(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

* 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	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Amounts due within:				
Within 1 year	**34.9**	21.2	**7.8**	0.6
Between 1 to 5 years	**90.2**	72.2	**31.4**	31.4
After 5 years	**137.6**	127.8	**101.9**	109.7
	262.7	221.2	**141.1**	141.7

Significant operating leases relate to the various property leases for Savills offices in the United Kingdom, Continental Europe, Asia Pacific and the US. There are no significant non-cancellable subleases.

31. Cash generated from operations

	Group		Company	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Profit for the year	**62.7**	51.4	**37.0**	44.6
Adjustments for:				
Income tax (Note 12)	**22.0**	18.7	**(2.4)**	(3.4)
Depreciation (Note 16)	**8.4**	7.6	**1.2**	0.9
Amortisation of intangible assets (Note 15)	**4.6**	3.9	**0.5**	0.5
Loss on sale of property, plant and equipment	**0.2**	0.4	**–**	–
(Profit)/loss on disposal of available-for-sale investments (Note 17.2)	**(2.0)**	0.3	**–**	–
Net finance cost/(income) (Note 11)	**0.8**	0.6	**(1.0)**	(0.9)
Share of post-tax profit from joint ventures and associates (Note 17.1)	**(7.0)**	(7.2)	**–**	–
Decrease in employee and retirement obligations	**(7.4)**	(7.4)	**(0.5)**	(0.5)
Exchange movement on operating activities	**0.5**	0.4	**(0.2)**	(0.2)
Increase/(decrease) in provisions	**–**	1.1	**–**	(0.1)
Impairment of available-for-sale investment included within other operating expenses	**0.6**	–	**–**	–
Charge for share-based compensation (Note 27.6)	**10.5**	10.4	**1.9**	2.3
Exercise of share options	**–**	–	**(6.7)**	(4.9)
Operating cash flows before movements in working capital	**93.9**	80.2	**29.8**	38.3
Decrease/(increase) in work in progress	**0.1**	(0.3)	**–**	–
Increase in trade and other receivables	**(44.1)**	(23.7)	**(1.2)**	(0.8)
Increase in trade and other payables	**63.7**	29.8	**3.5**	2.8
Cash generated from operations	**113.6**	86.0	**32.1**	40.3

32. Analysis of cash net of debt

2014	**At 1 January £m**	**Cash flows £m**	**Exchange movement £m**	**At 31 December £m**
Cash and cash equivalents	**122.2**	**32.8**	**3.1**	**158.1**
Bank loans	**(9.8)**	**5.9**	**–**	**(3.9)**
Cash and cash equivalents net of debt	**112.4**	**38.7**	**3.1**	**154.2**

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

33. 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.

(a) Loans to related parties

Loans to joint ventures are disclosed in Note 17.1.

(b) Company transactions

The Company provided corporate function services to its subsidiaries at an arm's-length value of £13.8m (2013: £13.5m).

Dividends of £40.0m were received from subsidiaries during the year (2013: £50.0m). Amounts outstanding to and from subsidiaries as at 31 December 2014 are disclosed in Notes 19, 21 and 22.

Shareholder information

Key dates for 2015	Date
Annual General Meeting	13 May 2015
Financial half year end	30 June 2015
Announcement of half year results	6 August 2015

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 'Register for e-communications' under the Shareholder Services section.

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.

Professional advisers and service providers

Solicitors
CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London EC1A 4DD

Registrars
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Auditor
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Joint Stockbrokers
UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

Numis Securities Ltd
The London Stock
Exchange Building
10 Paternoster Square
London EC4M 7LT

Principal Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

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.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C016486

Designed and produced by Gather
www.gather.london

The paper used in this Report is derived from sustainable sources

CarbonNeutral® printing company

Savills plc
33 Margaret Street
London W1G 0JD
T: +44 (0)20 7499 8644
F: +44 (0)20 7495 3773

Registered in England
No. 2122174