the UK's number one property website

rightmove
find your happy

rightmove plc
annual report 2014

the biggest home moving audience and the largest number of properties in the UK

Rightmove is the UK's largest property portal. Our aim is to be the place for all UK home hunters to find details of all properties available to buy or rent. Our platforms provide an easy to use but sophisticated online property search. With the depth of information that they provide, home hunters can immediately identify their preferred properties.

The service is directed at four key membership groups:

- estate agents
- lettings agents
- new homes developers
- overseas homes agents offering properties outside the UK but interested in advertising to UK-based home hunters.

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leading with **mobile**

Our innovation lab is launching our Move or Improve app in 2015.

> **"Rightmove's popularity with the British home moving public has gone from strength to strength as more home movers visited more often and spent more time on Rightmove than ever in 2014."**
> **Nick McKittrick, Chief Executive Officer**

Financial highlights

- Revenue up 19% to £167.0m (2013: £139.9m)
- Underlying operating profit(1) up 20% to £124.6m (2013: £104m)
- Underlying operating margin(1) of 74.6% (2013: 74.3%)
- Basic earnings per share up 32% to 97.7p (2013: 74.1p)
- Underlying earnings per share(2) up 24% to 100.3p (2013: 81.0p)
- Final dividend of 22p (2013: 17p) per ordinary share making a total dividend of 35p for the year (2013: 28p), up 25%
- £103.4m (2013: £85.6m) of cash returned to shareholders through dividends and share buybacks in the year

Operational highlights

- Traffic growth up 10% year on year to 15.4bn pages (2013: 14.0bn)
- Leads up 19% to 42.8m (2013: 36.0m)
- Number of Agency and New Homes advertisers up 5% to 19,304 (31 December 2013: 18,425)
- Average revenue per advertiser (ARPA)(3) up £77 (+13%) to £684 per month (2013: £607) with around 70% of ARPA growth driven by customers spending more on our additional advertising products and packages

(1) Before share-based payments and NI on share-based incentives.
(2) Before share-based payments and NI on share-based incentives and no related adjustment for tax.
(3) For Agency and New Homes customers.

I am pleased to present Rightmove plc's results for the year ended 31 December 2014.

Rightmove has demonstrated a characteristic and unwavering focus on improving its market leading customer proposition and consumer experience. It has proven a wise strategy as customers continue to invest more for greater returns, reflecting the value of our immense and growing popularity with Britain's property searching public, our customers' customers.

We have built our brand over 15 years and become the undisputed leader in the online property marketplace by providing consumers with one place to search and research UK property and by providing our customers one place to reach all home hunters. We at Rightmove take no greater satisfaction than providing a great value service to the organised property industry, by connecting them to most vendors and home searchers efficiently and effectively.

Rightmove is perennially ranked as one of the top ten most popular websites in the UK. This popularity was highlighted when Google identified Rightmove as the most searched for business in the UK in 2014. The attraction of our more than 15 billion and growing page impressions demonstrates how compelling Rightmove is to consumers and ultimately to our customers.

Rightmove is the marketplace for property in the UK. This has been built from both the consumer's desire to search for property habitually with us and our leadership in property listings. The latter has substantially increased in early 2015. We are committed to the never-ending need to evolve and innovate to continue to drive our clear leadership position.

The Board and I are grateful for the confidence of our 19,300 Agency and New Homes customers and also to our employees whose efforts have positioned Rightmove as the essential marketplace for home hunters to find their next home and for property advertisers to reach by far the widest possible audience.

Financial results

The strength of our business model and core value proposition underpin record financial results in 2014. Underlying operating profit[1] was up 20% to £124.6m (2013: £104.0m) driven by strong organic revenue growth of 19% to £167.0m (2013: £139.9m) and continued focus on cost control. Underlying basic earnings per share (EPS)[2] was up 24% to 100.3p (2013: 81.0p), even greater than the percentage increase in profits and in part attributable to £73.9m of share repurchases as part of our policy of returning cash to shareholders.

Google identified Rightmove as the most searched for business in the UK in 2014

Returns to shareholders

Our commitment to return excess cash promptly to investors continues to be as strong as ever. Cash conversion remains in excess of 100% of operating profit. In 2014, we returned a further £103.4m (2013: £85.6m) to shareholders through dividends and share buybacks while retaining only £11.2m (2013: £6.8m) at the end of the year. This brings the total cash returned to shareholders since our flotation in March 2006 to £482.1m.

Dividend

The Board previously announced that it would increase the interim dividend to 13p (H1 2013: 11.0p) per ordinary share, which was paid on 7 November 2014. Consistent with our policy of increasing the total dividend for the year broadly in line with underlying operating profit, the Board proposes to pay a final dividend of 22.0p (2013: 17.0p) per ordinary share for a total dividend for the year of 35.0p (2013: 28.0p), an increase of 25%. The final dividend, subject to shareholder approval, will be paid on 5 June 2015 to all shareholders on the register on 8 May 2015.

Board changes

During the past year, we welcomed Peter Williams and Rakhi Parekh to the Board. Peter and Rakhi have already made substantial contributions drawing upon their collective consumer and digital experience and Peter's extensive board experience. During an overlapping transition period, the Board continued to benefit from the sage contributions of Jonathan Agnew and Judy Vezmar as we have for each of the past nine years. Having completed three terms and no longer deemed independent, Jonathan and Judy will not stand for re-election to the Board in May 2015. We are grateful for their insights throughout their service, perhaps most nostalgically during Rightmove's early days as a public company when online marketing was less accepted as the norm and best way to reach home movers.

Outlook

Our results for 2014 show us continuing to outperform expectations. Based upon strong customer numbers, traffic and healthy growth in average spend per advertiser at the start of the year, the Board remains confident of continued success in 2015.

Scott Forbes
Chairman

(1) Before share-based payments and NI on share-based incentives.
(2) Before share-based payments and NI on share-based incentives and no related adjustment for tax.

Rightmove's popularity with the British home moving public has gone from strength to strength, as more home movers visited more often and spent more time on Rightmove than ever in 2014. Today they come to search and research the only marketplace with over one million properties in the UK.

We count nearly every agent in the UK as a customer and we care about all of our customers' business success and focus on building strong relationships that support their ambitions. This approach continues to serve us well as we have grown our customer base by 5% during 2014 to a record high.

The importance and trust in our brand was highlighted by figures released by Google showing that Rightmove was the most searched for business in the UK in 2014 and a national survey showing that 94%[1] of home sellers expect their property to be marketed on Rightmove. The ubiquity of our brand coupled with our commitment to ongoing innovation has significantly increased consumer engagement. Traffic increased by 10% to 15.4 billion pages and consistent with being a multi-platform digital leader, over half of our visits now come from mobile devices.

On the back of this record traffic the number of leads we generated for our customers increased to 43 million, up 19% on 2013 and more than double the number of leads we generated in 2012. Our market share of leads has increased and the share of sales from our leads remains at over 80% meaning vendors are five times more likely to find a buyer on Rightmove than any other website.

Our culture of restlessness has driven further improvement and innovation in the year. We launched Instant Property Alerts which alert home movers within minutes of a property coming to the market. We send over one million alerts every day and a quarter of our registered users with property alerts have already signed up to get them instantly. We also launched a number of new products, including Property Alert Sponsor to enable agents to advertise in our Property Alerts, in addition to a series of enhancements to our existing products.

Our culture, of course, comes from our people and I am proud of the business we have built together. We strive to make Rightmove a great place to work and this enables us to attract and retain the best talent and provide the best service for consumers and customers. I am delighted that in our 2014 'Have Your Say' people survey, again over 90% of respondents think Rightmove is a great place to work. I would like to thank everyone for everything they have done over the past year.

We have seen increased adoption of our additional advertising products and packages as customers invest more to drive their brand exposure and gain the competitive edge. Average revenue per advertiser (ARPA) increased by 13% in 2014 with around 70% of the ARPA growth driven by customers spending more on these products and packages. Spending on additional products and packages now accounts for 40% of Agency and New Homes revenue.

With an increase in both the number of agency offices and the number of new home developments, our membership base grew by 5% in the last 12 months. This, coupled with the increase in ARPA, has driven our significant revenue and profits growth in the year.

Business model

Rightmove is the UK's largest property portal and operates a two-sided model that benefits from strong network effects. On the one side we have the UK's largest and most engaged property audience and on the other side we have the largest inventory of properties from over 19,300 advertisers.

Consumers engage with Rightmove when searching and researching the property market and when selling or letting their property. Rightmove is a free consumer service that is compelling to buyers and renters as they can see nearly the whole of the market and is compelling to sellers and landlords as it is where nearly all buyers and renters are searching and researching the market.

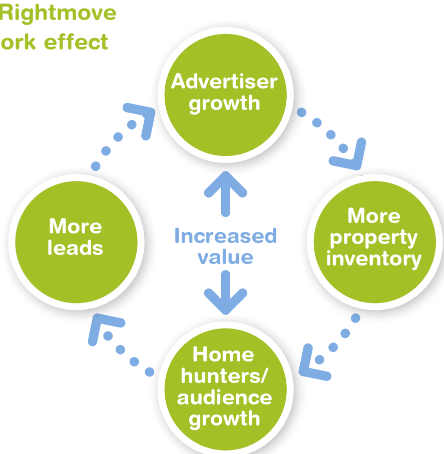
(1) Source: The Property Academy Home Moving Trends Survey 2014

Vendors are five times more likely to find a buyer on Rightmove than any other website.

Our customers are primarily estate agents, lettings agents and new homes developers advertising properties for sale and to rent in the UK. We offer the most significant and effective exposure for their brand and properties, the largest source of high quality leads together with best in class tools, market insight and support.

Our principal sources of revenue are the monthly subscription fee paid by customers to advertise all their properties and the monthly subscription fee paid for additional advertising products and packages that promote their properties, brand and proposition more strongly.

The Rightmove network effect



Our model benefits from a strong network effect with the growth of home movers and property advertisers providing a 'virtuous circle' enhancing the Rightmove value proposition.

Our growth potential comes from continuing to realise the value embedded in our market leading audience through product innovation and pricing, helped by the ongoing structural shift of property advertising spend from offline to online with further opportunity afforded from a cyclical recovery in the UK housing market.

We also have a number of smaller business units, including advertising overseas and commercial properties, providing property related data and valuation services, and providing a platform for property related advertisers such as mortgage providers and removal companies.

Our strategy

We have a disciplined focus on the UK property advertising market. We focus on increasing the size and engagement of our audience of property consumers to provide great value for our customers. We focus on growing organically through our customers investing more in their presence on Rightmove and by broadening our offering to cover more of the consumer journey.

Our brand

Our strong brand recognition with the public and the simplicity of the core service we provide make Rightmove the public's first choice to help them find their next home. Much of our success comes from the positive experience that home hunters have in using our services in addition to our considerable investment over 15 years in promoting the Rightmove brand.

We have continued to invest in our brand in 2014 with our new 'find your happy' campaign. The campaign plays on the theme that finding the 'right' home creates one of life's most positive emotions…happiness. And there's a happy out there for everyone. A 'walk to work' happy, a 'close to a good school' happy, a 'smell the sea air' happy. We are using the campaign to empower people to search and research homes on Rightmove that means they will 'find their happy'.

Our brand building has focused on national TV, more recently through our partnership with Channel 4 across all of their property content. We also specifically target London through additional outdoor media, 400 Rightmove branded taxis and our Time Out partnership. We launched refreshed material at the start of 2015 across all our media, including national TV, building on the largest consumer themes of 'more indoor space', 'more outdoor space', 'a place of my own' and 'minimal commute time'.

over

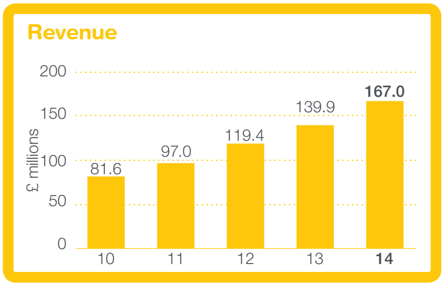
90%

of home sellers expect their property to be marketed on Rightmove

developing our **brand**

We target London through outdoor media, 400 Rightmove branded taxis and our Time Out partnership.

Source: The Property Academy Home Moving Trends Survey 2014



Spending on additional products and packages now accounts for 40% of Agency and New Homes revenue.

Rightmove's position is strong when measured by traditional classified advertising metrics, with brand awareness close to 90% and over ten million unique users. Our commanding position is revealed when one looks at how often consumers visit and what they do. The depth of consumers' engagement with Rightmove not only leads to more consumers turning to Rightmove first and spending more time on Rightmove, but most importantly to more and better quality leads leading to better outcomes and value for our customers.

We have over 60% market share of visits and leads, over 70% share of page impressions, over 80% share of sales generated from our leads compared to our nearest competitor and over 90% of sellers expecting their property to be marketed on Rightmove.

Innovation

Our mission is to empower the UK's decisions around property. We want to continue to be the place that consumers turn to first and engage with the most when searching and researching property to ensure we are the brand they insist on.

To that end, in addition to our ongoing investment in our brand, we continue to innovate and invest in our market leading desktop, mobile and tablet platforms to deliver the most engaging experience for consumers. Our focus is on having the largest, most up to date and accurate property inventory in the UK coupled with the best search and research capability and fastest property alerts.

We are the most up to date site and over one third of our agents are now using the real-time data feed, which we built last year and has become the industry standard, to get their vendors' properties onto Rightmove immediately. To complement this we launched Instant Property Alerts to alert consumers within minutes of a property coming to market. Via Property Alerts alone, we have 1.4 million highly engaged subscribers to whom we delivered over a quarter of a billion property alerts in 2014.

We serve by far the most pages of property pricing information in the UK and we have an opportunity to grow this advantage further by extending our offering to consumers researching the market. We added our popular 'Sold Prices' functionality to our mobile and tablet platforms in 2014. This functionality is unique in that it matches our unrivalled catalogue of current and archived properties, containing over two billion property images, to Land Registry sold prices.

We also launched a new 'Market Info' section to help consumers better understand their local market. In the first month alone this new content was viewed over two million times. Looking forward, our innovation lab is launching a new valuation app early in 2015.

The infrastructure that underpins Rightmove is critical to our success and in 2014 the team achieved an enviable 99.995% for availability and a webpage load time of just over one second which is twice the speed of our nearest competitor.

Competitive edge

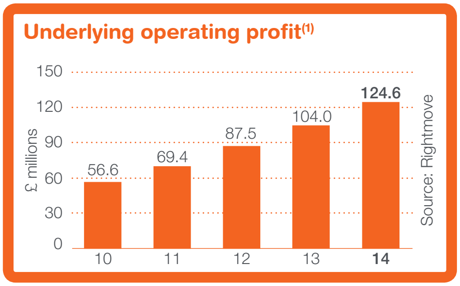
We want to offer the most significant and effective exposure for our customers' brands and properties, be the largest source of high quality leads and empower our customers' decisions through best in class tools, market insight and support.

In addition to the valuation opportunities within the 43 million leads we generated, over 70,000 individual home sellers used our Local Valuation Alert product to request a valuation directly from their local agents.

We launched an upgrade to our popular market intelligence tools under the banner of 'Rightmove Intel' to provide further insight into local markets for our agents and ensure they have the competitive edge. Drawing on the most comprehensive dataset available, Rightmove Intel builds on our existing set of tools which are used by 90% of our customers who generate over half a million reports using these tools every month.

continuing to **innovate**

The technical specification for our market-leading real-time data feed is now available to other portals free of charge as we drive industry standards forward.



We have grown our customer base by 5% during 2014 to a record high.

We care about our customers' business success and building strong relationships is vital in order to support their ambitions. We are spending more time with customers than ever before as we expand and segment our account management team and increase their efficiency through better sales and administrative tools and back-office support. We have also provided more training and introduced new tools to facilitate better conversations with customers.

We refreshed our ever popular seminar programme focusing on the 21st century home mover, their digital footprint, and how agents can use Rightmove to better identify and understand the consumer and their evolving property-related needs. We ran over 25 seminars across the country for more than 2,000 participants and also introduced more specialised content in the form of webinars. Already in 2015 we've run six seminars across the country from Torquay to Inverness.

Other businesses

Our overseas homes advertising business has grown strongly with customer numbers up 70% in the year to over 2,000. Audience figures set new records with over 80 million overseas searches, up 33% on last year. Rightmove now has 170,000 overseas homes advertised for sale, an increase of over 50% compared to a year ago.

Our commercial property advertising business has established itself as the UK's largest commercial property site with over 45,000 properties advertised and close to 70 million commercial searches in 2014, up 75% on last year.

Our data services business continues to grow as we help a wide range of customers, including banks and surveyors to leverage Rightmove's UK property database, which is the largest of its kind covering nearly two-thirds of the UK owner occupied and privately rented housing stock.

Current trading and outlook

The outlook for the UK online property advertising market remains positive as consumers and customers become ever more digital and the market continues to shift from traditional advertising channels. We are well positioned to benefit from this transition due to our market leading position which is strengthening on both sides of the network.

Our customers choose to spend money with Rightmove based on the value we deliver. We are delighted that nearly every agent in the UK has chosen to remain on Rightmove following the recent launch of a new entrant, OnTheMarket.com, cementing Rightmove as the best property advertising option in the UK. As at the end of February customer numbers were unchanged from our record year end position.

With our market leading position strengthening, average spend per advertiser continuing to grow and record January traffic numbers, the Board remains confident of making further progress in growing the business organically in 2015 and beyond.

N. McKittrick

Nick McKittrick
Chief Executive Officer

27 February 2015

Rightmove Intel

provides tools and insight to agents on their share of instructions, property stock and agreed sales saving our customers time

supporting our **customers**

90% of our customers use our tools to generate over half a million reports every month.

Robyn Perriss
Finance Director

Key performance indicators

Number of advertisers

+5%

Agency and New Homes membership at end of 2014 was 19,304 (2013: 18,425), up 5% year on year

Average revenue per advertiser

+13%

£684 per month, up 13% (2013: £607)

Market share

78%

market share of the top 3 UK property websites by pages viewed, unchanged from 2013

Source: Comscore December 2014 and December 2013

Properties displayed

1.1m

1.1 million properties displayed on rightmove.co.uk at 31 December 2014, unchanged (2013: 1.1 million)

Page impressions

15.4bn

15.4 billion page impressions up 10% from 14.0 billion in 2013

Leads

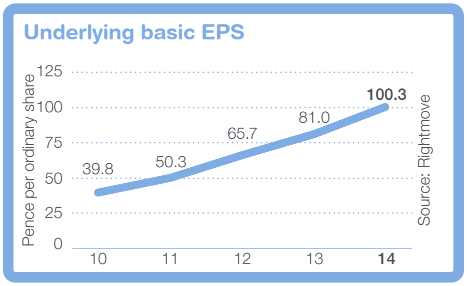
42.8m

42.8 million leads up 19% from 36.0 million in 2013

our team works 24/7 to ensure the website and apps are always available

investing in our **people**

In our 2014 ‘Have Your Say’ people survey, over 90% of respondents think Rightmove is a great place to work.



Rightmove continues to see strong cash generation and to return all the free cash generated to shareholders.

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Revenue

Revenue grew strongly in 2014 up 19% to £167.0m (2013: £139.9m). Our Agency business was the main contributor to the revenue growth with a year on year increase of £22.3m (2013: £14.9m), up over 20%. Whilst we experienced a pleasing 4% growth in Agency customer numbers, helped by a better UK housing market, the majority of the revenue increase has come from ARPA growth, primarily through discretionary sales of additional advertising products together with increases to core membership prices. Agency continues to be by far our largest business contributing 78% (2013: 77%) of our total revenue.

Revenue from our New Homes business grew by 9% to £26.4m (2013: £24.2m). Growth was primarily driven by the sale of additional advertising products and by increases to core membership prices; revenue was less impacted by the increase in the number of developers, as the gain in developer numbers was weighted to the second half of the year.

Other revenue across our data services, overseas, commercial and non-property advertising streams increased by £2.6m to £11.0m (2013: £8.4m), constituting 7% (2013: 6%) of our total revenue in the year.

Underlying operating profit

Underlying operating profit[1] increased by 20% to £124.6m (2013: £104.0m) and underlying operating margin[1] for the year reflected further operating leverage gains, increasing to 74.6% (2013: 74.3%).

This was driven by continued strong revenue growth coupled with a slightly lower percentage increase in underlying operating costs[1]. Underlying operating costs[1] increased by £6.4m to £42.4m (2013: £36.0m). £2.4m of the increase related to salary costs attributable to general wage inflation and an increased average headcount of 388 (2013: 349), up 11% reflecting investment in both sales and technical staff during the year and the full year impact of staff recruited during 2013. Marketing spend also increased by £2.7m year on year as we continued to invest in promoting the Rightmove brand.

Share-based payments and National Insurance (NI)

In accordance with IFRS 2, a non-cash charge of £2.7m (2013: £2.4m) is included in profit or loss representing the amortisation of the fair value of share-based incentives granted, including Sharesave options.

NI is being accrued, where applicable, at a rate of 13.8% on the potential employee gain on share-based incentives granted. Based on a year on year reduction in the closing share price at 31 December 2014 from £27.40 to £22.48 in respect of the outstanding share-based incentives granted, together with the actual NI cost on share-based incentives exercised in the year, there is a credit of £0.2m (2013: charge of £4.5m).

Taxation

The consolidated tax rate for the year ended 31 December 2014 was 21.2% (2013: 23.4%). The effective tax rate was lower than the UK enacted rate of 21.5% due to research and development relief claimed in relation to previous years.

We are committed to being a responsible tax payer acting in a straightforward and open manner in all tax matters. The total tax payable in respect of 2014 was £66.2m (2013: £73.5m). £28.6m (2013: £20.2m) related to corporation tax and Employers NI borne by the Group while the remaining £37.6m (2013: £53.3m) was collected in respect of payroll taxes and VAT.

Earnings per share (EPS)

Underlying basic EPS[2] increased by 24% to 100.3p (2013: 81.0p). Basic EPS increased by 32% to 97.7p (2013: 74.1p). The growth in EPS was driven by the increase in profitability in the year together with the benefit from our continued share buyback programme which reduced the weighted average number of ordinary shares in issue to 98.4m (2013: 100.3m).

Balance sheet

Rightmove's balance sheet at 31 December 2014 reflects total equity of £2.4m (2013: £8.9m) reflecting the continuing return of capital to shareholders in the form of share buybacks and dividends during the year.

In line with stronger revenue, trade receivables increased by 14% to £21.8m (2013: £19.1m). Trade and other payables increased by £2.6m to £27.6m (2013: £25.0m) principally due to an increase in deferred revenue. Our deferred tax asset, representing future tax benefits from share-based incentives, is lower at £4.5m (2013: £5.6m) due to a lower potential tax benefit being recognised in relation to outstanding share-based incentives as a result of the decline in the year on year share price.

Cash flow

Rightmove continues to see strong cash generation and to return all the free cash generated to shareholders. Predictable cash flows reflect the subscription nature of the business coupled with low working capital requirements. Cash generated from operating activities was £125.4m (2013: £99.2m) representing an operating cash conversion in excess of 100%.

Tax payments increased to £17.1m (2013: £16.1m) and £0.1m (2013: £0.1m) was paid in relation to bank charges and facility fees resulting in net cash from operating activities of £108.2m (2013: £83.0m).

Capital expenditure was in line with last year at £1.1m (2013: £1.1m) reflecting ongoing investment in our website infrastructure.

Proceeds of £0.2m (2013: £3.7m) were received on the exercise of share-based incentives and £0.9m was applied to purchase shares to fund the Rightmove Share Incentive Plan which was introduced in January 2015.

During 2014, £73.9m was invested in the repurchase of our own shares (2013: £60.5m) whilst a further £29.5m (2013: £25.1m) was paid in dividends reflecting the increased final dividend for 2013 and the 2p increase in the interim dividend this year. This brings the total cash returned to shareholders in the year to £103.4m and £482.1m since our flotation in March 2006.

The closing Group cash balance for the year was £11.2m (2013: £6.8m).

Going concern

The Group entered into a 12 month agreement with HSBC for a £10.0m committed revolving loan facility on 10 February 2014. This agreement has been extended for a further 12 months and will expire on 9 February 2016. To date no amount has been drawn under this facility. During the year £103.4m of cash was returned to shareholders.

The Board is confident that with the existing cash resources and banking facilities in place, coupled with the strength of the underlying business model, the Group and the Company will remain cash positive and will have adequate resources to continue in operational existence for the foreseeable future.

The Board's priorities for the use of cash continue to be: investment in the business; payment of dividends; and the return of cash to shareholders via share buybacks. The Board believes that the future working capital and capital expenditure requirements of the business will continue to be low and that the business will be in a position to return surplus cash to shareholders during 2015 through a combination of dividends and share buybacks.

RPerriss

Robyn Perriss
Finance Director

27 February 2015

(1) Before share-based payments charge of £2,728,000 (2013: £2,408,000) and NI credit of £194,000 (2013: £4,538,000 charge) on share-based incentives.
(2) Before share-based payments charge of £2,728,000 (2013: £2,408,000) and NI credit of £194,000 (2013: £4,538,000 charge) on share-based incentives and no related adjustment for tax.

We recognise that the Group's strategic objectives can only be achieved if potential risks are monitored and managed effectively by the Board. The risks set out below are those considered principal to delivering our strategy and are specific to the nature of our business, although there are other risks that may occur and impact the Group's performance.

Description	Impact	Monitoring and mitigation	Change from prior year
UK housing market downturn • Substantially fewer housing transactions than the norm may lead to a reduction in the number of agent branches or new homes developments • Reduction in the size of the UK property advertising market leading to fewer customers	Underperformance as the number of agents and new homes developments are a major determinant of Rightmove's revenue	• Monitoring of housing market leading indicators and trends in Rightmove membership • Rentals advertising is counter-cyclical and mitigates recessionary decreases in estate agency revenue • Cost reduction resulting from selling and servicing fewer customers • Developing revenue streams in related and adjacent markets	→
Competition • Increased competition from existing entrants • Increased competition from new entrants including OnTheMarket.com, which launched in January 2015 and requires its members to list on a maximum of only one other portal	Underperformance and impact on Rightmove's ability to grow revenue due to the potential loss of: • Audience • Advertisers • Demand for additional advertising products	• Communication of the value of Rightmove membership to advertisers • Sustained marketing investment in the Rightmove brand • Sustained investment and innovation in serving both home hunters and our advertisers	↑
New or disruptive technologies and changing consumer behaviours • Failure to innovate or adopt new technologies • Failure to adapt to changing consumer behaviour	Underperformance and impact on Rightmove's ability to grow revenue due to the potential loss of: • Audience • Advertisers • Demand for additional advertising products	• Continual improvements to our platforms and product proposition • Significant and ongoing investment in mobile and tablet platforms • Large in-house technology team with culture of innovation • Ongoing monitoring of consumer behaviour and annual 'Hackathons'	→
Cyber attack • Unavailability of the website and other platforms • Corruption or loss of key data	Reputational risk	• Disaster Recovery and Business Continuity Policy which is reviewed regularly • Use of three data centres to load balance and ensure optimal performance and business continuity capability • Regular backups of key data and denial of service testing	→
Securing and retaining the right talent	The inability to recruit and retain talented people could impact our ability to maintain our financial performance and deliver growth When key staff leave or retire, there is a risk that knowledge or competitive advantage is lost	• Ongoing succession planning and development of future leaders • Payment of competitive rewards • Staff communication and engagement • Maintaining the culture of the Group, which generates significant staff loyalty	→

↑ Increased risk ↓ Decreased risk → Risk unchanged

our people

We are proud of our people and the mixture of talent and experience that they bring. We depend on their skills and commitment to achieve our objectives.

Our people

Our people are our most highly valued asset, they are critical to our success and our growth. We are proud of our people and the mixture of talent and experience that they bring. We depend on their skills and commitment to achieve our objectives.

Our cultural style is open and honest. We invest in ensuring that all employees understand Rightmove's core values and goals. We achieve this through a combination of a rigorous selection process, including technical skills testing, an off-site residential course to ensure all 'Rightmovers' understand our core values, ongoing coaching and mentoring, and cross-functional team building events involving all employees. Given the specialised technical nature of the work we do and the services we provide, we also support ongoing external professional development where appropriate.

We encourage employee involvement and place emphasis on keeping employees informed of the Group's activities via bi-monthly staff forums and business performance updates with senior management and quarterly sales conferences. In 2014 we held a Company day, which allowed the whole Company to get together and enjoy a day of business updates, team building and inspirational speakers.

During 2014, our employee recognition scheme, which is based around 'the Rightmove behaviours' which reflect our unique blend of values and ways of working and which is an opportunity to nominate colleagues who have demonstrated these behaviours in action, continued to prove popular with up to eight awards presented every two months at our bi-monthly staff forums.

As a result of last year's 'Have your Say' people survey feedback, our employee appraisal process was reviewed and updated with new continual feedback sessions introduced in their place, which provide a dynamic culture of personal development. All employees received training on how to use the new feedback process in order to gain the maximum impact from it. Also as a result of the 2013 survey feedback, we carried out a refreshment of the activities and content of our off-site residential course concentrating on providing people related activities to develop positive working relationships, which can be carried forward from the course into a work environment.

The careers section of our Corporate website continues to provide a successful direct approach to recruiting great people to Rightmove. We have received positive feedback that the site provides a useful insight into our business for those looking to join us.

We offer all employees a range of additional benefits, which continue to help us both attract and retain staff. Rightmovers are made aware of these benefits through our induction process and intranet.

In 2014 we complied with new pension auto enrolment regulations, certifying the Rightmove Group stakeholder pension plan and auto enrolling those employees not already members of the plan. We communicated auto enrolment by holding employee seminars and offering the opportunity for one to one briefings with external benefits advisers. We have been delighted to have had very low opt out rates and currently 91% of employees are now members of the pension plan.

We also offer private healthcare complimented by a cash plan scheme. In November 2014, the Company's sixth Sharesave contract matured allowing employees to benefit from the success of the Group over the last three years. 60% of our employees currently participate in the Sharesave Plan.

In November 2014, we introduced the Rightmove Share Incentive Plan with an award of 100 free shares to all qualifying employees in January 2015, as a thankyou for all the hard work and dedication shown over the last few years of the Rightmove journey.

We offer flexible working arrangements, supporting part time working and reduced hours to allow our employees to balance their work and family commitments.

As it's important to us to know what our employees think and having received such valuable feedback last year, we ran our annual 'Have your Say' people survey, with 94% of respondents saying Rightmove is a great place to work and 96% of respondents committed to making a real contribution to the success of Rightmove.

In 2014 we celebrated 18 people being at Rightmove for 10 years or more and in 2015, 20 more people will reach 10 years' service, figures which back up our impressive people survey results.

Equality and diversity

Rightmove has a strong commitment to equality of opportunity in all our employment policies, practices and procedures. We take a proactive approach throughout our recruitment and selection process to ensure that we attract, hire and retain a diverse and talented workforce and this is kept under close and regular scrutiny. No existing or potential employee will receive less favourable treatment due to their race, creed, nationality, colour, ethnic origin, age, religion or similar belief, connections with a national minority, sexual orientation, gender, gender reassignment, marital status, member or membership of a trade union, disability, or any other classification as prescribed by law.

We recognise that a diverse workforce will provide a wide array of perspectives that promote innovation and business success and drawing on what is unique about individuals adds value to the way we do business and helps us anticipate and provide what our customers want from us.

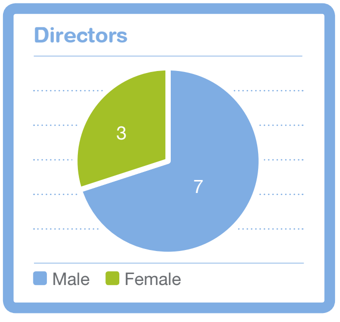
Our gender diversity throughout the Group remains strong especially at the Director level for the year ended 31 December 2014, with one out of three executive directors being female. Our female representation on the Board increased during the year to 30%, with the appointment of a third female Board member as a non-executive director in July 2014, although this number will reduce to 25% as various Board changes take place in 2015 as detailed in the Chairman's Statement on page 5.

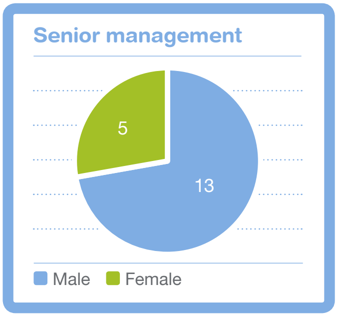
Having made substantial progress with gender diversity at Board level, the Board continues to focus on the next level of senior management in order to develop potential within this team to step up to Board level at the appropriate time and to identify and develop potential within the wider organisation with a view to strengthening the female representation within the senior management team. In 2014, 28% (2013:14%) of our senior management team were female.

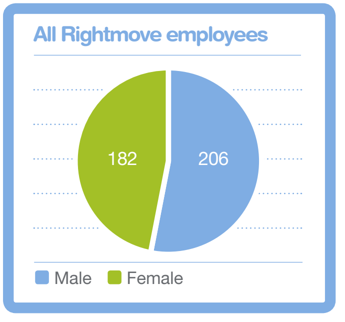
A breakdown by gender of the number of persons who were directors of Rightmove, senior managers and other employees as at 31 December 2014, is set out below:

Human rights

Whilst Rightmove does not have a specific human rights policy, it does have policies such as Equal Opportunities and Anti-bribery policy that adhere to internationally proclaimed human rights principles.







Charitable activity

We continue to encourage all our employees to devote time and fundraising efforts to charitable causes of particular importance to them as individuals. During 2014 many of our staff have been active in raising money or supporting fundraising activities across a wide range of charities for which Rightmove matches the donations raised.

Our employees are also able to donate directly from their monthly salary to any charity or recognised good cause registered within the UK through the Charities Trust. This provides a tax efficient means of giving.

In 2014, in conjunction with Agents Giving, we launched a charitable sponsorship fund where we contribute to the costs of setting up a charitable activity carried out by our customers, for example paying for the kit to be used at a charity football match. This allows for more of the money raised by our customers to go directly to the charity they are fundraising for. We have put aside a fund of £100,000 to support customer initiatives via Agents Giving of which £10,000 was contributed in 2014. To date the related fund raising activities by our customers will raise over £100,000 for UK charities.

Environment

Rightmove actively considers its environmental impact and we are conscious of playing our part in tackling climate change. Traditional ways of finding a home tend to involve large amounts of paper and printing, whether in the form of newspaper advertising, property particulars mailed to applicants through the post or leaflet drops by agents. Rightmove reduces the need for print media and the environmental damage that goes with it. Rightmove takes care to design the layout of property particulars to reduce the total number of pages that need to be printed out in those cases where a home hunter does want a physical copy.

Enhanced information on properties also reduces the amount of time home hunters waste in visiting properties that rapidly turn out to be inappropriate. As a high proportion of viewings involve a car journey, any reduction in wasted viewings has an environmental benefit. Rightmove has worked hard to increase the number and size of photographs of each property, improved the size and added functionality to property floor plans and has introduced more comprehensive map searches and aerial photographs which help home hunters to identify the specific location of a property. Rightmove has added information on which schools are closest to the properties listed and the Broadband speed for the area, all of which combined, provides high quality information about properties, to reduce the carbon footprint generated by prospective buyers making wasted journeys.

The rightmove.co.uk website includes functionality for our customers to display Energy Performance Certificates which allow prospective buyers to evaluate the energy efficiency of a property they are considering buying and to identify opportunities to improve the energy efficiency once they have purchased the property.

As an internet-based Group with most staff employed in two office locations, we believe our own environmental footprint is small. We encourage our staff to take steps to address our environmental responsibilities. For instance, we continue to operate recycling schemes which were established in consultation with local authorities and recycling partners. All waste bins were removed from the desks in our London and Milton Keynes offices which encourages and increases the amount of recycling we do.

As an operator of an online property portal, the main environmental impact is the power usage of our data centres. Our procurement policy is to purchase hardware with the best computational performance which uses the least electrical power.

We encourage our employees to use alternatives to car travel, by promoting the use of public transport in particular when travelling between our two office locations and by encouraging participation in our Cycle to Work scheme.

As an online business, our culture emphasises a paperless environment. We also recognise that our responsibilities do not stop with how we operate internally; we encourage all our customers, business partners and suppliers not to unnecessarily print out emails sent by us in the signature of all our emails. We also continue to focus on streamlining processes and replacing paper-based services with online services and communications, wherever possible. Steps introduced in recent years include e-communications to shareholders and online customer membership forms and product documentation.

Greenhouse gas reporting

Since 1 October 2013, the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has required all UK quoted companies to report on their greenhouse gas (GHG) emissions, which are classified as either direct or indirect and which are divided further into Scope 1, Scope 2 and Scope 3 emissions.

Direct GHG emissions are emissions from sources that are owned or controlled by Rightmove. Indirect GHG emissions are emissions that are a consequence of the activities of the Group but that occur at sources owned or controlled by other entities.

Scope 1 emissions: Direct emissions controlled by the Group arising from Company cars, which whilst leased, we are responsible for the emissions and therefore we report these under Scope 1.

Scope 2 emissions: Indirect emissions attributable to the Group due to its consumption of purchased electricity.

Scope 3 emissions: Other indirect emissions associated with activities that support or supply the Group's operations, we include emissions arising from our third party run data centres.

The Group is required to report Scope 1 and 2 emissions for its reporting year to 31 December 2014. Scope 3 is not yet mandatory, however the Group has again chosen to report Scope 3 emissions as it relates to electricity used in data centres, in which the Group rents space to house and operate various servers, which host our website platforms.

Rightmove emissions by Scope:

Scope	Source	Tonnes CO_2e(1) 2014	Tonnes CO_2e(1) 2013
Scope 1	Company cars	510	461
Scope 2	Electricity	317	330
Scope 3	Outsourced – data centres	243	202
Total		**1,070**	**993**

(1) UK emissions factors have been used for all data. All emission factors have been selected from the emissions conversion factors published annually by Defra. https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses

Emissions have also been calculated using an 'intensity metric', which will enable the Group to monitor how well we are controlling emissions on an annual basis, independent of fluctuations in the levels of their activity. As Rightmove is a 'people' business, the most suitable metric is 'Emissions per Employee', based on the average number of employees during the year. The Group's emissions per employee are shown in the table below.

Emissions per Employee

Scope	Source	Tonnes CO_2e Per Employee 2014[(2)]	Tonnes CO_2e Per Employee 2013[(2)]
Scope 1	Company cars	1.3	1.3
Scope 2	Electricity	0.8	0.9
Scope 3	Outsourced – data centres	0.6	0.6
Total		**2.7**	**2.8**

(2) Based on 388 (2013: 349) employees taken as the average number of employees in the Group throughout the year.

Emissions per employee remain broadly the same year on year. We will continue to monitor and look for ways to improve energy efficiency. As we meet the qualification criteria for the Government's Energy Savings Opportunity Scheme (ESOS) we will be required to carry out a mandatory energy assessment during 2015 and this will help us to identify any areas of potential improvement.

Methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. We have used the GHG's Protocol's Operational Control consolidation method.

We do not have responsibility for any emission sources that are not included in the above information.

Health and safety

The Group considers the effective management of health and safety to be an integral part of managing its business. During 2014, we continued our fire safety, first aid and work place safety training. The Group's ongoing policy on health and safety is to provide adequate control of the health and safety risks arising from work activities, through further consultation with, and training of, employees, the provision and maintenance of plant and equipment, safe handling and use of all substances and the prevention of accidents and causes of ill health.

Scott Forbes
Chairman

Appointment to the Board
13 July 2005

Committee membership
Nomination

Current external commitments
Chairman of Orbitz Worldwide
Chairman of Innasol Group Limited
Chief Executive of Bridge Capital Advisors Ltd

Previous roles and relevant experience
Director of NetJets Management Ltd, a subsidiary of Berkshire Hathaway until October 2009. Scott has over 30 years' experience in operations, finance and mergers and acquisitions including 15 years at Cendant Corporation which was formerly the largest worldwide provider of residential property services. Scott established Cendant's international headquarters in London in 1999 and led this division as Group Managing Director until he joined Rightmove.

Nick McKittrick
Chief Executive Officer

Appointment to the Board
5 March 2004

Current external commitments
None

Previous roles and relevant experience
Nick is one of the co-founding executives and became Chief Executive Officer in April 2013 having been Chief Operating Officer since 2005 and additionally Finance Director since 2009. His prior experience is in technology consulting with Accenture.

Peter Brooks-Johnson
Chief Operating Officer

Appointment to the Board
10 January 2011

Current external commitments
None

Previous roles and relevant experience
Peter joined Rightmove in 2006 and became Chief Operating Officer in April 2013 having been Managing Director of rightmove.co.uk since 2011 and Head of the estate agency business since 2008. Prior to joining Rightmove, Peter was a management consultant with Accenture and the Berkeley Partnership.

Peter Williams
Non-Executive Director

Appointment to the Board
3 February 2014

Committee membership
Remuneration

Current external commitments
Chairman of boohoo.com plc
Chairman of Jaeger
Chairman of Mister Spex GmbH
Senior independent non-executive director of Sportech plc
Non-executive director of Cineworld Group plc

Previous roles and relevant experience
Peter was previously senior independent director of ASOS plc, held non-executive director roles in the EMI group, Blacks Leisure Group plc, JJB Sports plc, GCap Media plc and Capital Radio Group plc. In his executive career, he was Chief Executive at Alpha Group plc and prior to that, Chief Executive of Selfridges plc where he also acted as Chief Financial Officer for over ten years.

Judy Vezmar
Non-Executive Director

Appointment to the Board
16 January 2006

Committee membership
Remuneration, Nomination, Audit

Current external commitments
Non-executive director of blinkx plc

Previous roles and relevant experience
Judy was Chief Executive Officer of LexisNexis International until January 2014. LexisNexis®, part of the global media group Reed Elsevier PLC, is a leading worldwide provider of content-enabled workflow solutions, where Judy was responsible for the International Group and their expansion of the range of successful solutions including online services to over 100 countries.

Colin Kemp
Non-Executive Director

Appointment to the Board
3 July 2007

Committee membership
Remuneration, Nomination

Current external commitments
Managing Director of Telephone Banking for the Lloyds Banking Group, Retail Business

Previous roles and relevant experience
With over 30 years' experience in high street retail banking, Colin has worked for Lloyds Banking Group companies since 1979. Between January 2005 and December 2007, Colin was Managing Director of Halifax Estate Agencies Limited. Colin is a Cranfield MBA and an Associate of the Chartered Institute of Marketing.

Robyn Perriss
Finance Director

Appointment to the Board
30 April 2013

Current external commitments
None

Previous roles and relevant experience
Robyn joined Rightmove in 2007 as Financial Controller with responsibility for day to day financial operations, was appointed Company Secretary in April 2012 (until July 2014) and promoted to the Board as Finance Director in April 2013. Robyn qualified as a chartered accountant in South Africa with KPMG and worked in both audit and transaction services. Prior to joining Rightmove, Robyn was Group Financial Controller at the online media business, Auto Trader.

Jonathan Agnew
Senior Independent Non-Executive Director

Appointment to the Board
16 January 2006

Committee membership
Remuneration (Chairman), Nomination and Audit

Current external commitments
Chairman of The Cayenne Trust plc
Chairman of Fleet Mortgages Limited

Previous roles and relevant experience
Jonathan spent nearly 30 years in investment banking, with Hill Samuel where he became a director, Morgan Stanley as a managing director and Kleinwort Benson as Chief Executive. He has been Chairman of Ashmore Global Opportunities, Nationwide Building Society, Limit, Gerrard Group, Beazley and of several investment companies. He also served on the Council of Lloyd's.

Ashley Martin
Non-Executive Director

Appointment to the Board
11 June 2009

Committee membership
Remuneration, Audit (Chairman)

Current external commitments
Group Chief Financial Officer of Engine Holding LLC

Previous roles and relevant experience
Ashley qualified as a chartered accountant in 1981 and has a career in finance spanning 30 years. He was previously Finance Director of Rok plc, the building services group, and Group Finance Director of the media services company, Tempus plc.

Rakhi Parekh
Non-Executive Director

Appointment to the Board
28 July 2014

Current external commitments
None

Previous roles and relevant experience
Rakhi was previously Director of UK Media at Amazon through to June 2014. She held various other senior positions during her 11 year tenure at Amazon including Media, Entertainment, General Merchandise and Book divisions as well as Product Development. Prior to Amazon, Rakhi previously advised Zappos and held strategy roles at TomTom and Oliver Wyman.

Jenny Warburton
Company Secretary

Appointment to the Board
1 July 2014

Current external commitments
None

Previous roles and relevant experience
Jenny joined Rightmove in 2011 as Assistant Company Secretary and was promoted to Company Secretary in 2014. She is an Associate of the Institute of Chartered Secretaries and Administrators. Prior to joining Rightmove Jenny was the Assistant Company Secretary at Jacques Vert plc and before that held various senior management roles within the Aurora Fashions Group.

Introduction

The following sections explain how the Company applies the main provisions set out in the 2012 UK Corporate Governance Code, (the Code) issued by the Financial Reporting Council (FRC), as required by the Listing Rules of the Financial Conduct Authority (FCA) and meets the relevant information provisions of the Disclosure and Transparency Rules of the FCA.

The statement of corporate governance covers the following areas:

- The structure and role of the Board and its committees;
- Relations with the Company's shareholders and the Annual General Meeting (AGM); and
- The reports of the Audit Committee and Nomination Committee including Board effectiveness and evaluation.

The report of the Remuneration Committee is set out separately in the Directors' Remuneration Report on page 52.

The Group's risk management and internal control framework and the principal risks and uncertainties are described on pages 17 and 34 to 35. The Directors' Report on pages 37 to 39 also contains information required to be included in this Statement of corporate governance.

Statement of compliance

The Code sets out the principles and provisions relating to good governance of UK listed companies. We are pleased to confirm, that for the year under review, the Group has complied fully with the principles and provisions of the Code.

Further information on the Code can be found on the FRC's website at www.frc.org.uk

The Board's role

The Board is collectively responsible to shareholders for the overall direction and control of the Group and has the powers and duties set out in the relevant laws of England and Wales and the Company's Articles of Association. The Board delegates certain matters to the Board committees and delegates the detailed implementation of matters approved by the Board and the day to day operational aspects of the business to the executive directors. The Board's main responsibilities and the key actions carried out during the year are set out below:

Responsibility	Specific actions during the year			
Strategy and direction	Annual strategy meeting to review and agree the Group's strategy; including an external consultant's view on Rightmove's strategic direction	Presentation on Agency customer proposition	Attendance at Board meeting by CEO of large Agency customer, who presented on Agency operational considerations and the UK housing market outlook	Approval of the Group's budget for 2015 and its three year business plan to 2017
Performance monitoring	Received regular market updates and reports about competitor activity	Marketing presentation on 'find your happy' campaign including particular focus on London market	Received presentations from senior management covering progress of businesses other than UK residential home advertising	Regular updates on business performance relative to analyst consensus forecasts
Shareholder engagement	Reviewed the 2014 AGM proxy voting figures and made preparations in respect of the 2014 AGM	Received monthly reports on shareholder composition and significant changes to the shareholder register	Feedback from the executive directors post results and investor roadshows	Presentation by UBS on their view of the equity market and Rightmove peer comparison
Governance and risk	Regular reviews of the risk register and changes in significant risks affecting the business	Reviewing and approving the Group's regulatory results announcements and Annual Report	Received briefings and presentations from senior management covering a wide range of topics including cyber and security risks and 2015 insurance renewal programme	Discussion of key findings from the 2014 internal Board evaluation

Responsibility	Specific actions during the year		
People and values	September Board meeting held in Milton Keynes providing the opportunity to interact informally with a number of employees and to hear a number of short presentations from across the business	Met with the Head of Human Resources who updated the Board on the Rightmove values and behaviours, known collectively as the 'Hows' as well as the introduction of a new feedback system encompassing the Hows	Approval of the introduction of the Rightmove Share Incentive Plan

The Board has adopted a formal schedule of matters requiring specific approval.
These include:

- The approval of the annual business plan;
- Review of Group strategy;
- Changes to the Group's capital structure;
- Approval of the dividend policy;
- Acquisitions and disposals;
- Appointment and removal of officers of the Company;
- Approval of annual and half-year results and shareholder communications; and
- System of internal control and risk management.

The Board normally schedules seven or eight meetings each year although meetings can be scheduled at short notice at the request of any director, if required. In addition to formal Board meetings, there is regular informal dialogue between all directors.

The Board receives meeting papers sufficiently in advance of the meetings to allow time for review and consideration of the documents beforehand. If any director has a concern about any aspect of the business conducted at any Board meeting, the Company Secretary shall discuss this with the director concerned and record their concern or comments in the Board minutes. The Board receives monthly management and financial reports on the operational and financial performance of the business setting out actual and forecast financial performance against approved budgets in addition to other key performance indicators. The Board also receives copies of broker reports and press releases relating to the Group.

Board committees

The Board has established three principal committees, the Audit Committee, the Remuneration Committee and the Nomination Committee, to assist it in the execution of its duties. The chairman of each committee provides a report or update of each meeting of the respective committee to the Board at the subsequent Board meeting.

The Committees' terms of reference are available on the Company's corporate website, plc.rightmove.co.uk or by request from the Company Secretary.

Each of the Committees is authorised, at the Company's expense, to obtain legal or other professional advice to assist in carrying out its duties. No person other than a Committee member is entitled to attend the meetings of these Committees, except by invitation of the Chairman of that Committee.

Current membership of the Committees is shown on page 30. The composition of these Committees is reviewed regularly, taking into consideration the recommendations of the Nomination Committee (refer page 28 for further planned changes in 2015).

Committee	Role and terms of reference	Membership required under the terms of reference	Minimum number of meetings per year	Committee report on pages
Audit	Reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems, the independence and effectiveness of the auditors and monitors the need for an internal audit function. Makes recommendations to the Board for a resolution to be put to the shareholders of the Company in relation to the appointment of the external auditors	At least three members All members should be independent non-executive directors	Three	32-35
Remuneration	Responsible for setting and recommending to the Board the remuneration policy and strategy to ensure that the Company's executive directors and senior management are properly incentivised and fairly rewarded for their individual contributions to the Group's overall performance, having due regard to the interests of the shareholders and to the financial and commercial health of the Group	At least three members All members should be independent non-executive directors	Two	41-42; 52-66
Nomination	Undertakes an annual review of organisation and succession planning and ensures that the membership and composition of the Board, including the balance of skills, remains appropriate. Makes recommendations for the membership of the Board, Audit and Remuneration Committees	At least three members The majority should be independent non-executive directors	Two	35

Board composition

The Board at the date of this report comprises three executive directors and seven non-executive directors, including the Chairman. The three executive directors are Nick McKittrick, Chief Executive Officer, Peter Brooks-Johnson, Chief Operating Officer and Robyn Perriss, Finance Director. The non-executive directors are Scott Forbes, Chairman, Jonathan Agnew, Senior Independent Director, Colin Kemp, Ashley Martin, Judy Vezmar, Peter Williams and Rakhi Parekh.

Biographical details of all directors at the date of this report appear on pages 24 to 25 and details of their committee membership appear on page 30.

Consideration of the Board size and composition is kept under regular review by the Nomination Committee.

Board changes

Peter Williams was appointed to the Board on 3 February 2014 and Rakhi Parekh was appointed to the Board on 28 July 2014. All other directors served throughout the year.

In addition to the above effective changes, Jonathan Agnew, Senior Independent Director and Judy Vezmar, both who will have served nine years, will not stand for re-election to the Board at the AGM of the Company to be held on 7 May 2015.

Division of responsibilities

The posts of Chairman and Chief Executive Officer are separate and there are clear written guidelines to support their division of responsibilities. The key responsibilities of the Board members are summarised below:

Chairman	• The leadership and governance of the Board; • Ensuring its effectiveness by creating and managing constructive relationships between the executive and non-executive directors; • Ensures there is ongoing and effective communication between the Board and its key shareholders; and • With the assistance of the Company Secretary, setting the Board's agenda and ensuring that adequate time is available for discussions and that the Board receives sufficient, pertinent, timely and clear information.
Chief Executive Officer	• Responsible for the day to day management of the Group; • Responsible for the operations and results of the Group; • Developing the Group's objectives and strategy and following Board approval, the successful execution of strategy; • Responsible for the effective and ongoing communication with shareholders; and • Chairing the Executive Committee.
Non-executive directors	• Constructively challenge the executive directors; and • Monitor the delivery of the strategy within the risk and control framework set by the Board. The non-executive directors bring wide and varied commercial experience and independent judgement to the Board and the Committees' deliberations. The breadth of management, financial and listed company experience of the non-executive directors is described in the biographical details on pages 24 and 25 and demonstrates a range of business expertise that provides the right mix of skills and experience given the size of the Group.
Senior Independent Director	• Acting in an advisory capacity to the Chairman; • Deputising for the Chairman if required; • Serving as an intermediary for other directors when necessary; • Being available to shareholders if they have concerns which they have not been able to resolve through the normal channels of the Chairman and Chief Executive Officer or other executive directors for which such contact is inappropriate; and • Conducting an annual review of the performance of the Chairman and, in the event it should be necessary, convening a meeting of the non-executive directors.
Company Secretary	• Monitoring compliance with appropriate Board procedures; • Advising the Board on corporate governance matters; • Assisting the Chairman in ensuring that all the directors have full and timely access to relevant information; and • Assisting the Chairman by organising induction and training programmes. In addition to her duties as Company Secretary to the Board, the Company Secretary also acts as Secretary to the Audit, Remuneration and Nomination Committees. The appointment and removal of the Company Secretary is one of the matters reserved for the Board.

Board diversity

We are committed to a Board comprised of directors from different backgrounds, diverse and relevant experience, perspectives, skills and knowledge. We believe that diversity, including gender diversity, amongst directors contributes towards a high performing and effective Board. We strive to maintain the optimal balance.

We have made further progress in terms of gender diversity, with 28% (2013: 14%) of women now filling senior management positions across the Group. As at 31 December 2014, 30% (2013: 25%) of Board members were female and the Board was therefore aligned with the minimum target representation level to be achieved by 2015, as recommended by the Davies Review.

Board independence

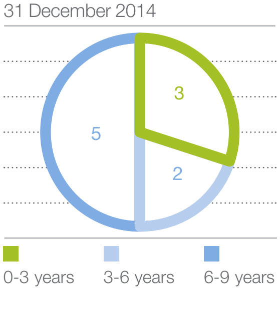
The Code provides that the Board should identify in the Annual Report each non-executive director that it considers to be independent. That is, to determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

The Board reviews non-executive director independence on an annual basis taking into account such factors as their contribution to unbiased and independent debate during meetings. The Board considers that there is an appropriate balance between the executive (33%) and non-executive directors (67%) and that all non-executive directors are fully independent of management and independent in character and judgement.

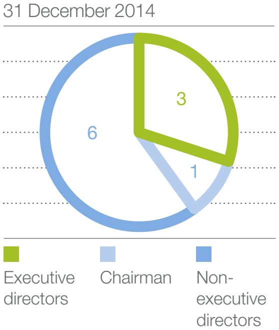
To safeguard their independence, a director is not entitled to vote on any matter in which they may be conflicted or have a personal interest. Where necessary, directors are required to absent themselves from a meeting of the Board while such matters are being discussed. In cases of doubt, the Chairman of the Board is responsible for determining whether a conflict of interest exists.

Neither the Chairman nor the executive directors hold any other non-executive directorships or commitments requiring disclosure under the Code.

Board tenure as at 31 December 2014



Balance of directors as at 31 December 2014



Re-election to the Board

Directors are appointed and may be removed in accordance with the Articles of Association of the Company and the provisions of the Companies Act 2006. All directors are subject to election at the first AGM following their appointment and to re-election at intervals of no more than three years in accordance with the Company's Articles of Association. However, following changes to the Code, all directors, other than Jonathan Agnew and Judy Vezmar who are retiring, will seek re-election at the 2015 AGM, in accordance with the Code provision B.7.1.

Board and Committee membership and attendance

The membership of the Committees of the Board and attendance at Board and Committee meetings for the year under review are set out in the table below:

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Total meetings	**9**	**4**	**5**	**4**
Scott Forbes	9	4(2)	N/A	4
Nick McKittrick	9	N/A	N/A	N/A
Peter Brooks-Johnson	9	N/A	N/A	N/A
Robyn Perriss	9	N/A	N/A	N/A
Jonathan Agnew	9	4	5	4
Colin Kemp	9	4	N/A	4
Ashley Martin	9	4	5	1(6)
Judy Vezmar	9	4	5	4
Peter Williams	8	1(3)	3(5)	1(5)
Rakhi Parekh	3(1)	2(4)	1(4)	2(4)

(1) Rakhi Parekh was appointed to the Board on 28 July 2014 and has attended all Board meetings post her appointment.
(2) The Remuneration Committee Chairman has requested that the Chairman of the Board attend the Remuneration Committee meetings.
(3) Peter Williams was appointed to the Remuneration Committee in November 2014 and has attended all meetings post his appointment.
(4) Rakhi Parekh was invited to attend two Remuneration and Nomination Committee meetings and one Audit Committee meeting on a guest basis.
(5) Peter Williams attended three Audit Committee meetings and one Nomination Committee meeting on a guest basis.
(6) Ashley Martin was invited to attend one Nomination Committee meeting on a guest basis.

Any director's absence from Board meetings or meetings of the Remuneration, Audit or Nomination Committees was previously agreed with the Chairman, the Chief Executive Officer or the Chairman of the relevant committee.

In addition to the above meetings, the Chairman conducts meetings with the non-executive directors without the executive directors being present when required. Jonathan Agnew, the Senior Independent Director, chaired a meeting of the Board at which the performance of the Chairman was also reviewed (without the presence of the Chairman).

Indemnification of directors

The Articles of Association of the Company allow for a qualifying third party indemnity provision between the Company and its directors and officers, which remains in force at the date of this report. The Group has also arranged directors' and officers' insurance cover in respect of legal action against the directors. Neither our indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

The Group has written policies in compliance with an internal code of securities dealings in relation to the process and timing for dealing in shares, which is equivalent to the Model Code published in the Listing Rules. The Code applies to all directors, other persons discharging managerial responsibility and other relevant employees.

Shareholder relations

The Board is accountable to shareholders for the performance and activities of the Company and welcomes the opportunities to engage with shareholders.

Within the terms of the regulatory framework, the Company has conducted regular dialogue with institutional shareholders through ongoing meetings with institutional investors and research firms to discuss strategy, operating performance and financial performance. Contact in the UK is principally with the Chief Executive Officer and the Finance Director. The Chairman attends certain investor meetings in the UK and typically participates in the USA investor meetings. The Senior Independent Director, is also available to shareholders if they wish to supplement their communication, or if contact through the normal channels is inappropriate.

The Board is kept informed of the views and opinions of those with an interest in the Company through reports from the Chief Executive Officer and the Finance Director, as well as reports from the Company's joint brokers, UBS and Numis.

Shareholders are also kept up to date with the Group's activities through the half year results statement and Annual Report and the investor relations section of its website, at plc.rightmove.co.uk, which provides details of all the directors, latest news including financial results, investor presentations and Stock Exchange announcements.

Annual General Meeting

The AGM is an opportunity for shareholders to vote on certain aspects of the Company's business, and to ask questions of the directors, who will also be available for discussions with shareholders prior to and after the meeting. The AGM will be held on 7 May 2015 at the offices of UBS Limited at 100 Liverpool Street, London, EC2M 2RH.

The Company will arrange for the Annual Report and related papers to be available on the Company's corporate website at plc.rightmove.co.uk or posted to shareholders (where requested) so as to allow at least 20 working days for consideration before the AGM.

The Company also complies with the Code with the separation of all resolutions put to the vote of shareholders. The Company proactively encourages shareholders to vote at general meetings by providing electronic voting for shareholders who hold their shares through the Crest system and provides personalised proxy cards to ensure that all votes are clearly identifiable. The Company presently takes votes at general meetings on a show of hands on the grounds of practicality due to the limited number of shareholders in attendance. Votes are taken by a poll at any shareholder meeting where legally required. All proxy votes are counted and the level of proxy votes including abstentions lodged for each resolution are reported after each resolution and published on the Company's website.

Audit Committee report

Ashley Martin
Chairman of the Audit Committee

Dear shareholder

The Audit Committee (the Committee) is an essential part of Rightmove's governance framework to which the Board has delegated oversight of the Group's financial reporting, internal controls and compliance and the quality of the external audit process. The Committee also regularly reviews and considers the requirement for an internal audit function within the Group.

In addition to our normal activities set out below, the Committee has in 2014, focused on business continuity and cyber risk including a review of the Disaster Recovery and Business Continuity Plan for our Milton Keynes office, a discussion of the results of a Cyber Maturity Assessment performed by KPMG LLP (KPMG) and the approval of updated Information and System Security Policies designed to protect our knowledge and intellectual property. In 2015 this work will be extended to include a review of the London office Disaster Recovery and Business Continuity Plan.

Historically, the Committee has assessed that the need for an internal audit function would be of limited benefit, given the simplicity of the Group structure, the simple financial model and strong system of internal controls. However, in addition to the assurance obtained from management and the external auditors, the Committee has increasingly over the past few years obtained extended assurance from work performed by external consultants in certain specialist risk areas.

As Rightmove continues to grow and expand the breadth of its service offering, the Committee has recommended to the Board that for 2015, it now transitions to an outsourced internal audit function to be known as 'Rightmove Assurance'. The decision to fully outsource has been made on the basis that it will be more cost effective, provide access to a greater depth of expertise covering a broad range of risks and will also be scalable allowing Rightmove to increase resource as and when required.

During November and December 2014 we conducted a tender process for these services, and in December confirmed the appointment of PricewaterhouseCoopers LLP (PwC) as the service provider for Rightmove Assurance. PwC will perform an initial two year cycle of work commencing in January 2015, focusing on both core financial processes and controls and specialist reviews of key risk areas.

This report provides an overview of the work of the Committee and details how it has discharged its duties during the year.

I will be available at the AGM to answer any questions about the work of the Audit Committee.

Ashley Martin
Chairman of the Audit Committee

Composition and attendance at meetings

Committee members	Number of meetings attended
Ashley Martin (Chairman of the Committee)	5 out of 5
Judy Vezmar	5 out of 5
Jonathan Agnew	5 out of 5

The Committee is comprised entirely of independent non-executive directors, the biographical details which can be found on pages 24 to 25. The Board is satisfied that Ashley Martin has recent and relevant financial skills and experience necessary to fulfill his role as Chairman of the Committee.

The Finance Director and the Head of Finance are normally invited to attend the meetings as well as the external auditor, KPMG. Other relevant people from the business are also invited to attend certain meetings in order to provide a deeper level of insight into certain key issues and developments. During the year Peter Williams and Rakhi Parekh, non-executive directors, attended three meetings and one meeting by invitation, respectively. The Committee regularly meets separately with the external auditors without others being present.

The quorum for meetings of the Committee is two members. Appointments to the Committee are for a period of up to three years, extendable by no more than two additional three year periods, so long as members continue to be independent.

Principal activities of the Committee during the year

The principal activities of the Committee through the year, and the manner in which it discharged its responsibilities were as follows:

Financial reporting

The primary role of the Committee in relation to financial reporting is to review with both management and the external auditor the appropriateness of the half year results statement and the Annual Report and financial statements including, amongst other matters:

- The quality and appropriateness of accounting policies and practices;
- The clarity of the disclosures and compliance with relevant financial reporting standards and governance reporting requirements;
- Key accounting issues or matters in which significant judgements have been applied; and
- Whether the Annual Report and accounts taken as a whole is fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

At the request of the Board, the Committee was asked to consider whether the 2014 Annual Report and accounts, taken as a whole, are fair, balanced and understandable and capable of being understood by shareholders, and has concluded that this is the case.

The significant areas of judgement considered by the Committee in relation to the 2014 Annual Report and how these were addressed were:

Revenue recognition

The timing of revenue recognition in relation to the billing of subscription fees and additional products and services and the accounting for any membership offers to customers with discounted or free periods. This was a prime area of audit focus with KPMG performing detailed analytical procedures using computer assisted audit techniques throughout the year on amounts billed to the two largest customer groups (Agency and New Homes), investigating any anomalies and outliers identified and providing detailed reporting to the Committee in this regard.

The Committee discussed any reported anomalies highlighted by KPMG ensuring that adequate explanations were received from management in line with their business understanding.

In addition the Committee received regular updates from management discussing current customer offers and their impact on revenue recognition.

Share-based incentives and the related deferred tax balances

It is the responsibility of the Remuneration Committee to address, and report upon, compensation matters including share-based incentives granted to directors and employees of the Group. However, the Committee considers in its review of the financial statements the measurement and accounting treatment relating to such schemes as more fully explained in Note 24 to the accounts due to the choice of valuation method and judgement required in calculating inputs used to calculate fair value under IFRS 2.

Schemes subject to external performance conditions were valued using the Monte Carlo model by the Company's remuneration advisors, New Bridge Street, a trading name of Aon plc. They also provided an external source of key inputs used to calculate the initial fair value of new grants, such as volatility, dividend yield and risk free rates. Key management assumptions such as leaver provisions and achievement of performance conditions were reviewed and discussed by the Committee.

The assumptions used in calculating the closing deferred tax asset were reviewed and the reasons for the decrease discussed and the financial disclosures reviewed by the Committee.

As these are both areas of higher audit risk the Committee also received detailed verbal and written reporting from KPMG on this matter.

Internal audit

The Group did not have an internal audit function during 2014. As part of its review of risk management in late 2013, the Committee considered the need for an internal audit function and concluded that, given the simplicity of the Group structure, its single country focus, the open and accountable culture with clear authority limits, the straightforward financial model and strong system of internal controls, that it was not yet appropriate for the business. During the year the Committee has gained assurance from reports from management and the external auditors with regard to internal control and risk management, supplemented by extended assurance reviews by external consultants in key risk areas.

This decision has however been kept under regular review, and given the growth in the size and breadth of the business, as set out in the Chairman of the Committee's letter, Rightmove will be transitioning to a fully outsourced internal audit model for 2015.

External audit

KPMG has been the Group's auditors since 2000. Following the 2012 revision of the UK Corporate Governance Code by the Financial Reporting Council, a decision was made by the Committee to formally tender the provision of audit and taxation services to the Group. A comprehensive tender and review process was concluded in March 2013. The Committee was satisfied that the skills and depth of industry knowledge in the team remained very strong and combined with the fresh perspective of the new audit partner decided that KPMG should be re-appointed as the Group's auditor.

The external auditor is required to rotate the audit partner responsible for the Group audit every five years. The current lead partner has been in place for two years.

The effectiveness of the external audit process is dependent on a number of matters. These include the quality of processes for recruitment and training of staff within the audit firm and the degree of rigour applied in the review processes of the work undertaken, together with appropriate audit risk identification at the start of the audit cycle.

KPMG submitted a detailed audit plan, identifying their assessment of key risks. For the 2014 financial year the primary risks identified were in relation to:

- Revenue recognition due to the value billed and the variety of differing contract terms; and
- Share-based incentives and the related deferred tax balances due to the choice of valuation method and inherent management judgement required in these areas.

The Committee challenged the work undertaken by the external auditors to test management's assumptions and estimates around these areas. The Committee also assessed the effectiveness of the audit process in addressing these matters through the reporting it received from the auditors at both the half year and year end. In addition the Committee also sought feedback from management, without the auditors present, on the effectiveness of the external audit process. For the 2014 financial year, management were satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and the Committee concurred with this view.

The Committee assessed the effectiveness of KPMG's overall internal processes to deliver a high quality audit service and concurred that appropriate processes were in place and being followed.

Non-audit services

The Committee also discussed its responsibilities to safeguard audit objectivity and independence as well as the needs of the business and agreed that it was practical in certain limited cases for the auditor to be assigned to other non-audit project work due to their knowledge and expertise of the business.

The Committee agreed a policy that management be given authority to incur non-audit fees up to 50% of the annual agreed audit and tax fee in any financial year without the prior approval of the Committee. In 2014 the non-audit fees were £7,000 in relation to other advisory services and were £11,000 in relation to tax compliance and advice and are fully disclosed in Note 6 of the financial statements.

Internal controls

The Board has overall responsibility for the Group's system of internal controls and has established a framework of financial and other controls which is periodically reviewed in accordance with the FRC Internal Control: Guidance to Directors publication for its effectiveness.

The Board has taken, and will continue to take, appropriate measures to ensure that the chances of financial irregularities occurring are reduced as far as reasonably possible by improving the quality of information at all levels in the Group, fostering an open environment and ensuring that the financial analysis is rigorously applied. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's management have established the procedures necessary to ensure that there is an ongoing process for identifying, evaluating and managing the significant risks to the Group. These procedures have been in place for the whole of the financial year ended 31 December 2014 and up to the date of the approval of these financial statements and they are reviewed regularly.

During the year, the Committee has overseen a comprehensive review and update of the Disaster Recovery and Business Continuity Plan for the Milton Keynes office. This included an unannounced disaster recovery test with only a small number of follow up actions identified.

KPMG performed a Cyber Maturity Assessment review comparing Rightmove with what is considered to be best practice across a number of comparable listed businesses. The outcome of this assessment was that the core processes are considered good with some minor improvements recommended.

The Committee has also approved updated Information and System Security Policies, known collectively as 'Protecting our Knowledge'. These have been communicated throughout the business with ongoing initiatives in place to maintain awareness.

The key elements of the system of internal control are:

- Major commercial, strategic, competitive and financial risks are formally identified, quantified and assessed, discussed with the executive directors, after which they are considered by the Board;
- A comprehensive system of planning, budgeting and monitoring Group results. This includes monthly management reporting and monitoring of performance against both budgets and forecasts with explanations for all significant variances;
- An organisational structure with clearly defined lines of responsibility and delegation of authority;
- Clearly defined policies for capital expenditure and investment exist, including appropriate authorisation levels, with larger capital projects, acquisitions and disposals requiring Board approval;
- A comprehensive disaster recovery plan based upon co-hosting of the rightmove.co.uk website across three separate locations, which is regularly tested and reviewed;
- A treasury function which manages cash flow forecasts and cash on deposit and counterparty risk and is responsible for monitoring compliance with banking agreements, where appropriate; and

- Whistleblowing and bribery policies of which all employees are made aware, to enable concerns to be raised either with line management or, if appropriate, confidentially outside the line management.

Through the procedures outlined above, the Board, with advice from the Committee, has considered all significant aspects of internal control for the year and up to the date of this Annual Report. No significant failings or weaknesses were identified during this review. However, had there been any such failings or weaknesses, the Board confirms that necessary actions would have been taken to remedy them.

Going concern

The Board is required under the Code to consider whether or not it is appropriate to adopt the going concern basis in preparing the Group and the Company financial statements.

As part of its normal business practice the Group prepares annual and longer term financial plans. In addition, a going concern paper was prepared and presented to the Committee in February 2015 prior to it recommending the approval of the financial statements and notes to the accounts for the year ended 31 December 2014 to the Board.

After making enquiries, the Board has a reasonable expectation that the Group and the Company have adequate cash resources and banking facilities to continue in operational existence for the foreseeable future. During the year £103.4m of cash was returned to shareholders. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and financial statements. Further information is provided in Note 1 to the financial statements.

Nomination Committee report

Scott Forbes
Chairman of the Nomination Committee

Dear shareholder

In 2014 the Nomination Committee's (the Committee's) focus has been on organisation and succession planning, in response to the fact that three of our non-executive directors were in their third term of service to the Board.

Following an externally facilitated Board strategy review and evaluation conducted in 2012, a Board refreshment plan was recommended by the Committee and agreed by the Board. The plan was implemented to ensure that the non-executive directors' range of skills and experience were appropriate and relevant to those required by the Group. The plan also considered the timing of appointments to avoid gaps in time when any necessary skills and experience were temporarily absent. Korn/Ferry International, an executive search firm, referenced the Board strategy review and commenced a search for two new non-executive directors during 2013; one with consumer digital experience and the other with significant plc board and business to consumer experience with a preference for candidates that would continue to support the Group's diversity policy.

Peter Williams and Rakhi Parekh were appointed to the Board in February 2014 and July 2014, respectively. Their collective skills and experience reflect the requirements identified in the Board strategy review and agreed by the Board. As consistent with the Board refreshment plan, the Board size temporarily increased from eight to ten directors in 2014 to ensure a seamless transition. The Board will reduce to eight directors after the 2015 AGM as Jonathan Agnew and Judy Vezmar will not stand for re-election following the completion of their third term of service to the Board.

We have also taken the opportunity to review the composition of the Board committees with Peter Williams being appointed to the Remuneration Committee in November 2014, in advance of his appointment as Chairman of the Remuneration Committee, following Jonathan Agnew's retirement from the Board after the 2015 AGM.

The Board has accepted the Committee's recommendation to make the following changes to the composition of the Board committees immediately effective following the 2015 AGM:

- In addition to his appointment as Chairman of the Remuneration Committee, Peter Williams will succeed Jonathan Agnew as Senior Independent Director;
- Peter Williams will also be appointed to both the Audit and Nomination Committees;
- Rakhi Parekh will be appointed to the Remuneration and Audit Committees; and
- Ashley Martin will be appointed to the Nomination Committee and step down from the Remuneration Committee.

I will be available at the AGM to answer any questions about the work of the Nomination Committee.

Scott Forbes

Scott Forbes
Chairman of the Nomination Committee

Composition and attendance at meetings

Committee members	Number of meetings attended
Scott Forbes (Chairman of the Nomination Committee)	4 out of 4
Jonathan Agnew	4 out of 4
Judy Vezmar	4 out of 4
Colin Kemp	4 out of 4

Membership

The Committee is comprised entirely of non-executive directors, the biographical details which can be found on pages 24 to 25. As at 31 December 2014 three out of the four members of the Committee were considered by the Board to be independent. The quorum for meetings of the Committee is two members.

At the request of the Nomination Committee Chairman, the Chief Executive Officer is normally invited to attend the meeting to discuss the annual organisation and succession plan. During the year Rakhi Parekh and Peter Williams, non-executive directors, attended two meetings and one meeting by invitation, respectively.

The Chairman of the Company may not chair the Nomination Committee in connection with any discussion about the appointment of his successor to the chairmanship of the Company. In these circumstances, the Senior Independent Director will take the chair. Appointments are for a period of up to three years, extendable by no more than two additional three year periods, so long as members continue to be independent.

Principal activities of the Committee during 2014

During the year the Committee has:

- Reviewed the Board composition;
- Considered the appointment of two new non-executive directors;
- Reviewed the Board Committees composition;
- Approved the plans for the organisation and succession of the executive directors and senior management;
- Agreed the process for and considered the outcome of the Board's annual evaluation;
- Considered the diversity of the Board and agreed the policy regarding gender composition on the Board; and
- Conducted an annual review of its terms of reference.

Board induction and training

All new non-executive directors joining the Board undertake a tailored induction programme to meet their individual needs. This covers for example: the operation and activities of the Group (including meeting with members of the senior management team, spending a day on the road with a sales director meeting our customers and attendance at an Agency seminar), the role of the Board and the decision making matters reserved to it, the responsibilities of the Board committees; and the strategic challenges and opportunities facing the Group.

There are procedures in place for individual Board members to receive training and to seek the advice and services of independent professional advisers, at the Group's expense, where specific expertise or training is required in furtherance of their duties.

Board effectiveness and evaluation

The Board is committed to undertaking annual reviews of its own performance and also the performance of its committees and individual directors.

For the year under review the Board conducted an internal evaluation of its own performance and that of its committees and individual directors led by the Chairman and assisted by the Company Secretary. The results of the evaluation was reviewed and discussed with the Board at its meeting in December 2014.

The Board concluded that the Board evaluation demonstrates consistent and valuable contributions from all directors. The Board evaluation emphasised a high degree of board effectiveness, commitment, good working relationships and a strong succession plan as evidence by the approach to replacement of retiring non-executive directors. No major areas for improvement were highlighted within the 2014 review process. The Board intends to continue to create additional opportunities for informal discussion between Board members outside of the formal Board meetings and has arranged an extended off-site strategic planning meeting as part of the 2015 Board calendar.

An externally facilitated review of the performance of the Board and its committees will again be conducted during 2015.

Rightmove plc (the Company) is incorporated as a public limited company and is registered in England with the registered number 6426485. The Company's registered office is Turnberry House, 30 Caldecotte Lake Drive, Caldecotte, Milton Keynes MK7 8LE.

The directors submit their report together with the audited financial statements for the Company and its subsidiary companies (the Group) for the year ended 31 December 2014.

Pages 37 to 39, comprise the Directors' Report that has been drawn up and presented in accordance with English company law and the liabilities of the directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

Strategic report

The Strategic Report can be found on pages 4 to 23. This report sets out the development and performance of the Group's business during the financial year, the position of the Company at the end of the year and a description of the principal risks and uncertainties facing the Company.

Dividend

An interim dividend of 13.0p (2013: 11.0p) per ordinary share was paid in respect of the half year period on 7 November 2014 to shareholders on the register of members at the close of business on 10 October 2014. The directors are recommending a final dividend for the year of 22.0p (2013: 17.0p) per ordinary share, which together with the interim dividend of 13.0p, makes a total for the year of 35.0p (2013: 28.0p), amounting to £33,991,000 (2013: £27,920,000). Subject to shareholders' approval at the Annual General Meeting (AGM) on 7 May 2015, the final dividend will be paid on 5 June 2015 to shareholders on the register of members at the close of business on 8 May 2015.

Share capital

The shares in issue (including 2,505,430 shares held in treasury in both years) at the year end comprised 99,993,317 (2013: 103,115,735) ordinary shares of £0.01, being £999,933 (2013: £1,031,000). The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company. Movements in the Company's share capital and reserves in the year are shown in Note 22 and Note 23 to the financial statements. Information on the Group's share-based incentive schemes is set out in Note 24 to the financial statements. Details of the share-based incentive schemes for directors are set out in the Directors' Remuneration Report on pages 41 to 66.

Share buyback

The Company's share buyback programme continued during 2014. Of the 15% authority given by shareholders at the 2014 AGM, a total of 3,122,418 (2013: 2,780,380) ordinary shares of £0.01 each were purchased in the year to 31 December 2014, being 3.1% (2013: 2.7%) of the shares in issue (excluding shares held in treasury) at the time the authority was granted. The average price paid per share was £23.66 (2013: £21.77) with a total consideration paid (inclusive of all costs) of £74,384,000 (2013: £60,961,000). Since the introduction of the new parent company in January 2008, a total of 31,912,091 shares have been purchased of which 2,505,430 have been transferred into treasury with the remainder having been cancelled. A resolution seeking to renew this authority will be put to shareholders at the AGM on 7 May 2015.

Shares held in trust

As at 31 December 2014, 596,499 (2013: 740,324) ordinary shares of £0.01 each in the Company were held by The Rightmove Employees' Share Trust (EBT) for the benefit of Group employees. These shares had a nominal value at 31 December 2014 of £5,965 (2013: £7,403) and a market value of £13,409,000 (2013: £20,285,000). The shares held by the EBT may be used to satisfy share-based incentives for the Group's employee share plans. During the year 182,125 (2013: 2,663,705) shares were transferred to Group employees following the exercise of share-based incentives. Additionally 38,300 shares were purchased by the EBT for transfer to the Rightmove Share Incentive Plan in January 2015.

The terms of the EBT provide that dividends payable on the shares held by the EBT are waived.

Substantial shareholdings

As at the date of this report, the following beneficial interests in 3% or more of the Company's issued ordinary share capital (excluding shares held in treasury) on behalf of the organisations shown in the table below, had been notified to the Company pursuant to Rule 5.1 of the Disclosure and Transparency Rules. The information below was correct as at the date of notification, where indicated this was not in the current financial year. It should be noted that these holdings are likely to have changed since notified to the Company. However, notification of any change is not required until the next applicable threshold is crossed.

Shareholder	Nature of holding	Total voting rights	%[(1)]
Marathon Asset Management LLP[(2)]	Indirect	5,930,755	6.1
Baillie Gifford & Co[(2)]	Indirect	5,873,614	6.0
Axa Investment Managers SA[(2)]	Indirect	5,510,468	5.7
BlackRock Inc[(2)]	Indirect	4,777,310	4.9
	Financial Instrument (CFD)	644,472	0.7
Standard Life Investments	Direct	831,055	0.9
	Indirect	4,000,946	4.1
Kames Capital	Direct	2,994,633	3.1
	Indirect	724,404	0.7
	Financial Instrument (CFD)	150,396	0.2

(1) The above percentages are based upon the voting rights share capital (being the shares in issue less shares held in treasury) of 97,239,189.

(2) Date of notification was not in the 2014 financial year.

Directors

The directors of the Company as at the date of this report are named on pages 24 to 25 together with their profiles.

The Articles of Association of the Company require directors to submit themselves for re-appointment where they have been a director at each of the preceding two AGMs and were not appointed or re-appointed by the Company at, or since, either such meeting. Following the changes to the UK Corporate Governance Code in September 2010, all directors who have served during the year and remain a director as at 31 December 2014 will retire and offer themselves for re-election at the forthcoming AGM, with the exception of Jonathan Agnew and Judy Vezmar, who have notified the Company of their intention not to stand for re-election at the next AGM, due to their having completed three consecutive terms of three years as non-executive directors of the Company. Rakhi Parekh will offer herself for election, this being her first AGM following her appointment to the Board as non-executive director on 28 July 2014.

The Board is satisfied that the directors retiring and standing for re-election are qualified for re-appointment by virtue of their skills, experience and contribution to the Board. The executive directors have service agreements with the Company which can be terminated on 12 months' notice. The appointments for the non-executive directors can be terminated on three months' notice.

The interests of the directors in the share capital of the Company at 31 December 2014, the directors' total remuneration for the year and details of their service contracts and Letters of Appointment are set out in the Directors' Remuneration Report on pages 41 to 66. At 31 December 2014 all of the executive directors were deemed to have a non-beneficial interest in 596,499 ordinary shares of £0.01 each held by the trustees of the EBT.

Research and development

The Group undertakes research and development activity in order to develop new products and to continually improve the existing property website. Further details are disclosed in Note 2 to the financial statements on page 79.

Political donations

During the year the Group did not make any donations to any political party or other political organisation and did not incur any political expenditure within the meanings of Sections 362 to 379 of the Companies Act 2006.

Annual General Meeting

The AGM of the Company will be held at the offices of UBS Limited at 100 Liverpool Street, London, EC2M 2RH on 7 May 2015 at 10am. The Notice of Annual General Meeting will be published in March 2015.

The resolutions being proposed at the 2015 AGM are general in nature including the renewal for a further year of the limited authority of the directors to allot the unissued share capital of the Company and to issue shares for cash other than to existing shareholders. A resolution will also be proposed to renew the directors' authority to purchase a proportion of the Company's own shares.

One of the items of special business to be addressed at this AGM relates to the requirement in the Companies (Shareholders' Rights) Regulations 2009, which came into force on 3 August 2009 that all general meetings must be held on not less than 21 clear days' notice unless shareholders approve a shorter notice period. At the 2014 AGM, a resolution was passed allowing the Company to call general meetings (other than AGMs) on not less than 14 clear days' notice. As this authority will expire at the 2015 AGM, a resolution will be proposed to renew this authority.

Auditor

KPMG LLP has confirmed its willingness to continue in office as auditor of the Group. In accordance with section 489 of the Companies Act 2006, separate resolutions for the reappointment of KPMG LLP as auditor of the Group and for the Audit Committee to determine their remuneration will be proposed at the forthcoming AGM of the Company.

Audit information

So far as the directors in office at the date of signing of the report are aware, there is no relevant audit information of which the auditor is unaware and each such director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Greenhouse gas emissions

Our report of greenhouse gas emissions in line with UK mandatory reporting regulation is provided in the Corporate Responsibility section of the Strategic Report on pages 19 to 23.

Fair, balanced and understandable

The Board has concluded that the 2014 Annual Report is fair, balanced and understandable and provides the necessary information for shareholders and other readers of the accounts to assess the Group's performance, business model and strategy.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The management report required by DTR 4.1.8R (contained in the Strategic Report and the Directors' Report) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed by the Board:

Nick McKittrick
Chief Executive Officer
27 February 2015

Robyn Perriss
Finance Director

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Annual statement by the Chairman of the Remuneration Committee

Jonathan Agnew
Chairman of the Remuneration Committee

Dear Shareholder

I am pleased to present our Directors' Remuneration Report for Rightmove plc (the Company) together with its subsidiary companies (the Group) for the year ended 31 December 2014. The report is divided into two distinct sections, the remuneration policy and the annual report on remuneration.

In accordance with the new regulations you were asked to vote separately on these two reports at our AGM held on 7 May 2014. The remuneration policy for the next three years received overwhelming support and therefore, as we do not propose to make any changes to this policy, we are not required to put the policy forward for a vote at this year's AGM to be held on 7 May 2015. For ease of reference, we present the policy on pages 43 to 51.

Our remuneration framework is designed to ensure we reward and incentivise our people to deliver our strategy with a clear emphasis on performance-related pay to reflect the culture of the Group. The overall policy provides below market levels of fixed pay but with above market levels of variable pay opportunity, subject to the achievement of challenging performance measures linked to the Group KPIs. Variable pay is biased toward long-term sustainable performance, through a high level of annual bonus deferral into shares, long-term incentive awards and share ownership guidelines. We believe that the remuneration policy which you approved in 2014 continues to remain appropriate.

As described in the Strategic Report, our 2014 results show strong organic revenue and profit growth. The increase in profit achieved this year once again demonstrates the strength of the Rightmove business model and brand and the effectiveness of our management team.

Performance and reward

In light of the combination of strong Group and executive directors' performance during the year, the Remuneration Committee considers the remuneration paid to the executive directors to reflect fairly their performance during the year. As a result of the financial and operational results of the Group, including growth in underlying operating profit of 20%, the annual bonus entitlement for executive directors was 70% of the maximum for 2014.

With regard to the Group's longer-term performance, reflecting the successful implementation of its growth strategy over the last three financial years, the 2012 Performance Share Plan awards (measuring performance from 1 January 2012 to 31 December 2014) will vest in part as a result of delivering normalised EPS[1] growth of over 100% and TSR growth of 88.7% over the performance period. The EPS performance significantly exceeded the maximum growth target set of 50%. Whilst the Company achieved a growth in TSR of 15% above the FTSE 250 Index, this was below the maximum outperformance required of 25% and thus resulted in 69% of this part of the award vesting. Overall vesting of 92.35% of the 2012 award is considered by the Committee to be a result that fairly reflects the performance achieved over the three year period.

(1) Diluted underlying EPS but with a standard UK tax rate applied.

Annual statement by the Chairman of the Remuneration Committee continued

Remuneration policy for 2015

The Committee continues to believe that the current remuneration policy of providing below market fixed pay (base salary, pension and minimal benefits) and above market variable pay opportunity (short and long-term incentives) for delivery of challenging performance targets remains appropriate for a growth orientated Group.

In summary, the key elements to the remuneration policy are as follows:

- We remain committed to a pay model of below comparative median benchmarks on fixed pay and an above median incentive opportunity.
- Executive directors are to receive inflationary adjustments to base salary levels in line with all employees. Up to 6% of base salary is contributed to the executive director Group pension scheme.
- The annual bonus opportunity provides that 60% of any bonus earned is deferred into the Company's shares for a period of two years.
- Annual award levels under the Company's Performance Share Plan are granted at 200% of salary with challenging underlying earnings per share growth targets.
- Clawback will continue to operate in relation to both deferred annual bonus awards and Performance Share Plan awards. The mechanism through which the clawback can be implemented enables the Committee to (i) reduce the cash bonus earned in a subsequent year and/or reduce outstanding DSP/PSP share awards (i.e. withholding provisions may be used to effect a recovery) or (ii) for the Committee to require that a net of tax balancing cash payment be made to the Company.
- The existing share ownership guidelines will be 200% of base salary for the Chief Executive Officer and 100% of base salary for other executive directors.

Further details in relation to the remuneration policy, which is expected to operate for at least another two years are set out on pages 43 to 51. We are committed to maintaining an open and transparent dialogue with shareholders. We have valued the engagement with, and support of shareholders and we remain focused on disclosing clearly how much our executive directors earn and how this is linked closely to performance.

As explained in the Nomination Committee report, I will be stepping down from my position of Remuneration Committee Chairman after this year's AGM and will be succeeded by Peter Williams. I have much enjoyed my time on the Board of Rightmove, including my role as Chairman of the Committee.

Jonathan Agnew

Jonathan Agnew
Chairman of the Remuneration Committee

Remuneration Policy Report (unaudited)

Introduction

This report sets out the Company's policy on directors' remuneration for the forthcoming year, and, so far as practicable, for subsequent years, as well as information on remuneration paid to directors for the financial year ended 31 December 2014. This report has been prepared in accordance with the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (together the Act) and the 2012 UK Corporate Governance Code (the Code).

In accordance with the Act this report has been divided into two sections: a Policy Report and an Annual Report on Remuneration. The Policy Report was put to a binding shareholder vote at the 2014 AGM and received more than 98% votes in favour with an 'Effective Date' of 7 May 2014 for the purposes of complying with the Act. In practice, however, the Remuneration Committee (herein referred to as the Committee throughout this report) applied the policy detailed below from the start of 2014 and expects to apply it throughout the three year policy period that commenced from the Effective Date. For ease of reference, the Policy Report has been represented, albeit with some changes to references and with the removal of the performance scenario charts. A copy of the original report can be found on the Company website at plc.rightmove.co.uk. The Annual Report on Remuneration will be subject to an advisory vote at the 2015 AGM. The parts of the report which have been audited have been highlighted as required by the Act.

Remuneration Policy Report (the Policy Report)

This part of the Directors' Remuneration Report sets out the remuneration policy for the Company and has been prepared in accordance with the Act. The policy has been developed after taking into account Rightmove's pay philosophy that our executives should be rewarded with demonstrably lower than market base salaries and benefits and higher than market equity rewards contingent upon the achievement of challenging performance targets in accordance with the 'best practice' principles set out in the Code and the views of our major shareholders.

The key principles of the Committee's policy are as follows:

- Remuneration arrangements should be simple to explain, understand and administer.
- Remuneration arrangements should be designed to provide executive directors with the opportunity to receive a share in the future growth and development of the Group which is regarded as fair by both other employees and shareholders. This approach should allow the Company to attract and retain the dynamic, self-motivated individuals who are critical to the success of the business.
- Executive directors should have below market levels of base salary, minimal benefits (and only benefits which are made available on the same basis to all Rightmove employees), but with above market levels of variable pay potential. This arrangement is designed to best align the interests of the executive directors with the interests of shareholders and to reflect the performance-driven culture of the Group. The Company will generally review market levels of remuneration for executive directors with the assistance of external, independent remuneration consultants and with shareholder consultation every three years.
- Having reviewed executive director remuneration against the market every three years, further changes to remuneration should be made infrequently and those changes made each year should, in most instances, be directly linked to the policies applied to all employees (specifically with regard to cost of living rises in base salary and changes in benefits).
- Executive directors should be principally rewarded for the overall success of the business for which they have collective responsibility. The Group has key short-term and medium/long-term goals and executive directors should be incentivised against these goals.
- Executive directors should not be able to gain significantly from short-term successes which subsequently prove not to be consistent with growing the overall value of the business. Hence a majority of any bonus payable in relation to short-term strategic goals is required to be taken in the form of shares in the Company which are deferred for a further two years after the bonus target has been achieved.

The table overleaf provides an overview of the Committee's remuneration policy, which has been designed to reflect the principles described above:

Remuneration policy

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Salary	To provide a base salary which will attract and retain high calibre executives to execute the Group's business strategy.	Base salaries are normally reviewed annually, with changes effective from 1 January. When considering the executive's eligibility for a salary increase, the Committee considers the following points: • size and responsibilities of the role; • individual and Group performance; • increases awarded to the wider workforce; and • broader economic and inflationary conditions. Executive directors are benchmarked against external market data periodically (generally every three years). Relevant market comparators are selected for comparison, which include other companies of a similar size and complexity. The Committee considers benchmark data, alongside a broad review of the individual's skills and experience, performance and internal relativities.	The current salaries are set out on page 53. These salary levels will be eligible for increases during the period that the remuneration policy operates from the Effective Date. During this time, salaries may be increased each year (in percentage of salary terms) in line with those of the wider workforce (after taking into account the annual salary budget and performance-related increases within the overall salary budget). Increases beyond those linked to the workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.	The Committee considers both individual and Group performance in a broad context when determining base salary increases.
Benefits	To provide simple, cost-effective, employee benefits which are the same as those offered to the wider workforce.	The executive directors are enrolled in the Group's private medical insurance scheme and receive life assurance cover equal to four times base salary. Additionally, Nick McKittrick and Robyn Perriss are members of the Group's medical cash plan.	The value of benefits may vary from year to year depending on the cost to the Company from third party providers.	Not applicable
Pension	To provide a basic, cost-effective, long-term retirement benefit.	The Group operates a stakeholder pension plan for employees under which the employer contributes 6% of base salary subject to the employee contributing a minimum of 3% of base salary. The Company does not contribute to any personal pension arrangements. Whilst executives are not obliged to join, the Company operates a pension salary exchange arrangement whereby executives can exchange part of their salary for Company paid pension contributions. Where executives exchange salary and this reduces the Company's National Insurance Contributions the Company credits the entire saving to the executive's pension.	Company contributions of up to 6% of base salary subject to the employee contributing a minimum of 3% of base salary.	Not applicable

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Annual bonus including Deferred Share Bonus Plan (DSP)	To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of annual financial and operational goals.	The annual bonus comprises a cash award (40% of any bonus earned) and a DSP award (60% of any bonus earned). Deferred shares will vest after two years and be potentially forfeitable during that period. Payments under the annual bonus plan may be subject to clawback in the event of a material misstatement of the Group's financial results or misconduct.	Maximum (% salary): 125% of base salary.	The bonus is determined based on performance against a range of key performance indicators. The primary bonus metric will be profit-based (e.g. underlying operating profit before tax) with targets set in relation to a carefully considered business plan and requiring significant out-performance of that plan to trigger maximum payments. A minority of bonus will also be earned based on pre-set targets drawn from the Group's other key performance indicators relating to underlying drivers of long-term revenue growth. Details of the performance measures used for the current year and the targets set for the year under review and performance against them is provided on pages 53 to 54. 25% of the awards vest for hitting the threshold performance target. Bonus is earned on a graduated basis from threshold to maximum performance levels.
Performance Share Plan (PSP)	To incentivise and reward executives for the achievement of superior returns to shareholders over a three year period, and to retain key individuals and align interests with shareholders.	Following shareholder approval at the 2011 AGM, the PSP was established. The PSP permits annual awards of nil cost options, contingent shares and forfeitable shares which vest after three years subject to continued service and the achievement of challenging performance conditions. A dividend equivalent provision operates enabling dividends to be paid (in cash or shares) on shares at the time of vesting. PSP awards may be subject to clawback in the event of a material misstatement of the Group's financial results or misconduct.	Maximum (% salary): 200% of base salary.	Awards vest based on three year performance against challenging financial targets for EPS and relative TSR performance. Financial targets will determine vesting in relation to at least half of an award. 25% of the awards vest for hitting the threshold performance target. The performance period for financial targets and relative TSR targets is three financial years, starting with the year in which the award is granted.

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
All-employee Sharesave Plan	Provides all employees with the opportunity to become owners in the Company on similar terms.	Executive directors are entitled to participate in the Group's Sharesave Plan on the same terms as all other employees. Periodic invitations are made to participate in the Sharesave Plan. Participants commit to a savings contract over a three year period through which a grant of share options is made (by reference to projected savings over a three year savings contract) with an exercise price set at up to a 20% discount to the share price at the date of grant. On the maturity of the savings contracts, participants can elect to: (i) use the accumulated savings to exercise the option; or (ii) request the return of their savings.	Participation in the Sharesave Plan is based on HMRC rules which limit monthly savings towards share purchases under three year savings contracts to £500 per calendar month.	None
Share ownership guidelines	To provide alignment between the executives and shareholders.	Executive directors are required to retain at least half of any share awards vesting or exercised (after selling sufficient shares to meet the exercise price and to pay any tax liabilities due) until they have met the shareholding guideline. The Committee will regularly monitor progress towards the guideline.	Shareholding guideline: • CEO – 200% of base salary; • COO & FD – 100% of base salary.	Not applicable
Non-executive directors	To provide a competitive fee which will attract and retain high calibre individuals and reflects their relevant skills and experience.	The fees for non-executive directors (including the Company Chairman) are reviewed periodically (generally every three to four years). The Remuneration Committee will consider the Chairman's fee, whilst the non-executive directors' fee is considered by the wider Board excluding the non-executives. Fee levels for each role are determined after considering the responsibility of the role, the skills and knowledge required and the expected time commitments. Periodic benchmarking against relevant market comparators, reflecting the size and complexity of the role, is used to provide context when setting fee levels.	Fees for the Chairman and non-executive directors' are set out on page 55. The Chairman and non-executive directors' fee increases in future years are expected to increase (in percentage terms) in line with the basic level of pay rise received by employees within the business. Fee increases beyond the level detailed above may take place if fee levels are considered to have become out of line with the responsibilities and time commitments of individual roles. Flexibility is retained to go above the above fee levels in the event that it is necessary to recruit a new Chairman or non-executive director of an appropriate calibre in future years.	None

Discretions maintained by the Committee in operating its incentive plans

The Committee will operate the annual bonus plan, PSP and Sharesave Plan according to their respective rules and in accordance with the Listing Rules and HMRC rules where relevant.

The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. These discretions include, but are not limited to, the following:

- The selection of participants in the respective plan;
- The timing of grant of an award (if any) and payments;
- The size of an award and/or a payment (with limits as described in the table above);
- The extent of vesting based on the achievement of performance targets and applicable exercise periods where relevant;
- How to deal with a change of control (e.g. the timing of testing performance targets) or restructuring of the Group;
- Determination of a good/bad leaver for incentive plan purposes based on the rules of each plan and the appropriate treatment chosen including the timing of the delivery of shares;
- Adjustments (if any) required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
- The annual review of performance measures, targets and weightings for the annual bonus plan and PSP from year to year.

The Committee also retains the ability to adjust the targets and/or set different measures for the annual bonus plan and PSP if events occur (e.g. a material divestment or acquisition) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be detailed in the Annual Report on Remuneration and, if appropriate, the subject of prior communication with the Company's major shareholders.

All previous share options, PSP, DSP and Sharesave awards that were granted but remain outstanding at 31 December 2014 (detailed on pages 61 to 64), remain eligible to vest based on their original award terms.

Selection of performance measures and how targets are set

The performance metrics that are used for annual bonus and long-term incentive plans are a subset of the Group's key performance indicators.

For the annual bonus, underlying operating profit before tax[(1)] is the primary performance metric used as it is aligned to the Group's strategy of delivering profitable growth and is a key financial performance indicator used within the business. Consistent with previous years, operating profit is measured on an underlying basis, to exclude any volatility in relation to the Company's share price in connection with the IFRS 2 valuation and National Insurance charge on share-based incentives granted. The underlying operating profit[(1)] before tax target is set on a sliding scale based around the business plan for the year, with 25% payable for threshold performance.

The annual bonus also considers performance against other operational metrics, including a market share target and other revenue, for a minority of the bonus, with a sliding scale used to determine performance against each measure. Market share is a measure of the size and engagement of our audience and the value which Rightmove, as a media group, brings to our customers. Therefore a challenging target to increase this audience is considered appropriate by the Committee. The other revenue target will measure growth in revenue from businesses other than Agency and New Homes. Since some of these will be at an early stage, we consider growth in revenue rather than in operating profit to be the appropriate measure and note that this element of the bonus is only a small proportion of the total bonus opportunity.

For the PSP, awards are subject to a combination of EPS and relative TSR performance conditions. EPS is considered the most appropriate financial metric for this particular business at this stage in its development (since it is the measure of profitability that is most closely aligned with shareholders' interests and monitored on an ongoing basis within the business). The policy also recognises that relative TSR should also be a performance measure in order for there to be a clear alignment of executive and shareholder interests. EPS targets are set based on sliding scales that take account of internal financial planning and external analyst forecasts. Only 25% of the EPS element will pay out for threshold performance levels, with the maximum award requiring substantial out-performance. For TSR, the range of targets measure how successful the Company is in out-performing the FTSE250 Index (the Index within which the Company currently resides) with 25% of this part of the award vesting at the threshold performance level, through to full vesting for 25% out-performance of the Index over the three year performance period.

The targets for awards to be granted under the PSP in 2015 are consistent with the policy set out above and are set out in the Annual Report on Remuneration.

Performance targets do not apply to Sharesave awards since these awards are structured to encourage employees to become share owners and to maintain tax-favoured status the awards must operate on a consistent basis for all employees.

How the views of employees are taken into account

The Company has not to date felt it necessary to consult directly with employees on executive remuneration matters. However, the Committee is kept aware of pay and employment conditions within the wider workforce when setting executive directors' remuneration policy.

Remuneration policy for executive directors compared to other employees

The Committee will consider the proposed salary increase budget for the whole Group when it is deciding on salary increases for executive directors specifically.

In line with the Company's strategy to keep remuneration simple and consistent, benefits and pension arrangements provided to executive directors are the same as those offered to all Group employees.

The extent to which annual bonuses are offered varies by level of employee within the Group, with the quantum and performance metrics used determined by the nature of the role and responsibilities and market rates at that level.

Long-term incentive awards, other than the all-employee Sharesave Plan, are only offered to senior management as those awards are more heavily weighted towards performance-related pay and have a stronger visibility on the value created for shareholders and the reward for participants.

Shareholders' views

The Committee considers it vitally important to maintain open and transparent communication with the Company's shareholders. The Committee will consult with major shareholders before any material change in remuneration policy is approved. The views of shareholders received at the AGM, during meetings with investors and through other contact during the year, are considered by the Committee and contribute to the development of the overall remuneration policy.

Recruitment and promotion policy

The Committee proposes an executive director's remuneration package for new appointments in line with the principles outlined in the table overleaf:

(1) Before share-based payments and NI on share-based incentives.

Element of remuneration	Policy
Base salary	Base salary levels will be set based on the roles and responsibilities of the individual together with their relevant skills and experience, taking into account the market rates for companies of comparable size and complexity and internal Company relativities. In some circumstances (e.g. to reflect an individual's limited experience at a PLC board level) it may be considered appropriate to set initial salary levels below the perceived market competitive rate. Phased increases, potentially above inflation, may then be offered to achieve the desired market positioning over time, subject to individual's continued performance and development in the role.
Benefits	Benefits as provided to current executive directors. Where necessary the Committee may approve the payment of relocation expenses to facilitate recruitment, and flexibility is retained for the Company to pay legal fees and other costs incurred by the individual in relation to their appointment.
Pension	A defined contribution at the level provided to current executive directors.
Annual bonus	An annual bonus would operate in the same manner as outlined for the current executives (as described above and in the Annual Report on Remuneration), although it would be pro-rated to reflect the employment period during the bonus year. The bonus maximum potential would not exceed 125% of base salary. It would be expected that the bonus for a new appointment would be assessed on the same performance metrics as that for the current executives on an ongoing basis. However, depending on the timing and nature of appointment it may be necessary to set tailored performance criteria for their first bonus plan.
Long-term incentives	A new appointment will be eligible to receive an award under the PSP policy outlined in the policy table. Share awards may be granted shortly after an appointment (subject to the Company not being in a close period) and would be measured against the same performance criteria as the current executives. The ongoing award maximum would not exceed 200% of base salary. For an internal hire, existing awards would continue over their original vesting period and remain subject to their terms as at the date of grant. The new appointment would be eligible to participate in the Sharesave Plan under the same terms as all other employees.
Buy-out awards	To facilitate an external recruitment, it may be necessary to buy-out remuneration which would be forfeited on leaving their previous employer. When determining the quantum and structure of any buy-out awards the Committee will, as a minimum, take into account the following factors: • the form of remuneration (cash or shares); • timing of expected payment/vesting; and • expected value (i.e. taking into account the likelihood of achieving the existing performance criteria). Buy-out awards, if used, will be granted using the Company's existing share plans to the extent possible, although awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules.

Directors' service contracts and non-executive directors' terms of appointment

The Committee's policy on service agreements for executive directors is that they should provide for 12 months' notice of termination by the Company and by the executive. Any proposals for the early termination by the Company of the service agreements of directors or senior executives are considered by the Committee.

The service agreements for the executive directors allow for lawful termination of employment by making a payment in lieu of notice or by making phased payments over any remaining unexpired period of notice. The phased payments may be reduced if, and to the extent that, the executive finds an alternative remunerated position.

In addition, any statutory entitlements or sums to settle or compromise claims in connection with the termination would be paid as necessary.

For Nick McKittrick a payment in lieu of notice will be related to base salary, benefits and projected annual bonus pursuant to the Group's targets being achieved for the year (pro-rated for any unexpired period of notice where appropriate). The Committee is aware that the provision of annual bonus with a payment in lieu of notice is no longer considered in line with best practice. The provision within Nick McKittrick's contract is considered a legacy issue which would not be repeated in any future director's service contract.

For Peter Brooks-Johnson and Robyn Perriss a payment in lieu of notice will be restricted to base salary and benefits.

The treatment for share-based incentives previously granted to an executive director will be determined based on the relevant plan rules. The default treatment will be for outstanding awards to lapse on cessation of employment.

For awards granted under the PSP (approved by shareholders in 2011) 'good leaver' status may be determined, in certain prescribed circumstances, such as death, ill health, disability, redundancy, transfer or sale of the employing company, or other circumstances at the discretion of the Committee. If defined as a good leaver, awards will remain subject to performance conditions, which will be measured over the performance period from grant to the original vesting date, unless the Committee determine to assess performance from grant to the date of cessation, and which will be reduced pro-rata to reflect the proportion of the performance period actually served. The Committee retains the discretion to disapply time pro-rating in exceptional circumstances.

For awards granted under the DSP, 'good leaver' status may be determined for reasons of death, injury, disability, redundancy, transfer or sale of the employing company or other circumstances at the discretion of the Committee. If defined as a good leaver, awards will be retained and vest on the original vesting date.

Scott Forbes' appointment may be terminated by either party giving to the other not less than three months' notice in writing. The Company may also terminate by making a payment in lieu of notice. Scott Forbes is not contractually entitled to any other benefits on termination of his contract.

The Letters of Appointment for the non-executive directors provide for a term of up to two three year periods and a possible further three year term (subject to re-election by shareholders and subject to the director remaining independent). The appointments may be terminated with a notice period of three months on either side and the Letters of Appointment set out the time commitments required to meet the expectations of their roles.

Copies are available for inspection on request to the Company Secretary.

Further details of all directors' contracts and Letters of Appointment are summarised overleaf:

	Date of appointment	Date of contract/ Letter of Appointment[1]	Notice (months)	Length of service at 27 February 2015
Executive directors				
Nick McKittrick (Chief Executive Officer)[2]	5 March 2004	7 February 2006	12	10 years 11 months
Peter Brooks-Johnson[3]	10 January 2011	22 February 2011	12	4 years 1 month
Robyn Perriss[4]	30 April 2013	1 May 2013	12	1 year 10 months
Non-executive directors				
Scott Forbes (Chairman)	13 July 2005	21 February 2006	3	9 years 7 months
Jonathan Agnew (Senior Independent Director)	16 January 2006	12 December 2005	3	9 years 2 months
Colin Kemp	3 July 2007	4 December 2007	3	7 years 7 months
Ashley Martin	11 June 2009	9 June 2009	3	5 years 8 months
Judy Vezmar	16 January 2006	12 December 2005	3	9 years 2 months
Peter Williams	3 February 2014	3 February 2014	3	1 year 1 month
Rahki Parekh	28 July 2014	28 July 2014	3	7 months

(1) The service contracts and the Letters of Appointment for all directors appointed prior to 28 January 2008, were transferred from Rightmove Group Limited to Rightmove plc with effect from this date on completion of a Scheme of Arrangement under the Companies Act 1985.
(2) Nick McKittrick joined the Group in December 2000 and was appointed to the Board on 5 March 2004. His service with the Group at the date of this report is 14 years and 2 months.
(3) Peter Brooks-Johnson joined the Group on 9 January 2006 and was appointed to the Board on 10 January 2011. His service with the Group at the date of this report is 9 years and 1 month.
(4) Robyn Perriss joined the Group on 1 July 2007 and was appointed to the Board on 30 April 2013. Her service to the Group at the date of this report is 7 years and 8 months.

External appointments

With the approval of the Board in each case, executive directors may accept one external appointment as a non-executive director of another listed or similar company and retain any fees received.

Annual Report on Remuneration

Role and membership

Terms of reference

The primary role of the Committee is to make recommendations to the Board as to the Company's broad policy and framework for the remuneration of the executive directors, the Chairman of the Board and the Company Secretary. The remuneration and terms of appointment of the non-executive directors are determined by the Board as a whole.

In accordance with the Code, the Committee also recommends the structure and monitors the level of remuneration for the first layer of management below Board level. The Committee is also aware of, and advises on, the employee benefit structures throughout the Group and ensures that it is kept aware of any potential business risks arising from those remuneration arrangements.

The Committee has formal terms of reference which are reviewed annually and updated as required. These are available on the Company's website at plc.rightmove.co.uk or on request from the Company Secretary.

Membership

The following independent non-executive directors were members of the Committee during 2014 and continue to be members. During 2014 the Committee met four times and attendance at the meetings is shown below:

Committee Members	Number of meetings attended
Jonathan Agnew	4 out of 4
Ashley Martin	4 out of 4
Judy Vezmar	4 out of 4
Colin Kemp	4 out of 4
Peter Williams(1)	1 out of 1

(1) Peter Williams was invited to join the Committee in November 2014 and has attended all subsequent Committee meetings.

The quorum for meetings of the Committee is two members. The Committee will meet at such times as may be necessary but will normally meet at least four times a year.

The Company Secretary acts as Secretary to the Committee.

Only members of the Committee have the right to attend Committee meetings. The Chairman of the Committee has requested that the Chairman of the Board attend the meetings except during discussions relating to his own remuneration. The Chief Executive Officer may also be invited to meetings and the Committee takes into consideration their recommendations regarding the remuneration of executive colleagues and the first layer of management below Board level. No executive director is involved in deciding their own remuneration.

During the year Rakhi Parekh, non-executive director, attended two meetings by invitation.

External advisers

New Bridge Street (NBS), a trading name of Aon plc, which is a member of the Remuneration Consultants Group and has signed up to its Code of Conduct, has been retained as the Committee's remuneration advisor since 2011. The terms of engagement between the Company and NBS are available from the Company Secretary on request.

The total fees paid to NBS in respect of services to the Committee during the year were £18,142.

During 2014 NBS provided services to the Company in connection with the valuation of share-based incentives (as required by IFRS 2) and confirmed that, in its view, these services did not present a conflict of interest with the other services provided to the Committee.

The Committee reviews its relationship with external advisors on a regular basis and continues to believe that there are no conflicts of interest.

What has the Committee done during the year?

The Committee met four times during the year to consider and, where appropriate, approve key remuneration items including the following:

Pay and incentive plan reviews

- Annual review and approval of executive directors' base salaries and benefits;
- Reviewed year end business performance against relevant performance targets to determine annual bonus payouts and vesting of long-term incentives;
- Reviewed and approved overall remuneration policy for executive directors for 2015, including appropriate benchmarks and performance measures for the annual performance-related bonus and 2015 PSP awards to ensure measures are aligned with strategy and that targets are appropriately stretching;
- Ongoing monitoring of senior management remuneration structures;
- Approval of share awards granted under the Deferred Share Bonus Plan (DSP) and the Rightmove Performance Share Plan (PSP);
- Approval of the Chairman's fee; and
- Approval of the Rightmove Share Incentive Plan (SIP).

Governance

- Reviewed and approved the Directors' Remuneration Report;
- Reviewed the 2014 AGM voting and feedback from institutional investors;
- Evaluated the Committee's performance during the year; and
- Reviewed the Committee's terms of reference.

Application of policy for year ending 31 December 2015

Salaries

The executive directors' salaries for the 2015 financial year are set out in the table below:

	Salary 1 January 2015	Salary 31 December 2014	Change
Executive directors			
Nick McKittrick	**£408,000**	£400,000	2%
Peter Brooks-Johnson	**£341,700**	£335,000	2%
Robyn Perriss	**£270,300**	£265,000	2%

The 2% increase in executive directors' salaries is in line with the average workforce increase for 2015 across the Group.

Pension and other benefits

The Group operates a stakeholder pension plan for employees under which the employer contributes 6% of base salary, subject to the employee contributing a minimum of 3% of base salary. Nick McKittrick has chosen not to participate in this arrangement. The Company does not contribute to any personal pension arrangements.

The executive directors are enrolled in the Group's private medical insurance scheme and receive life assurance cover equal to four times base salary. Additionally, the executive directors are members of the Group's medical cash plan.

Annual bonus

The annual bonus for the 2015 financial year will be consistent with the policy detailed on page 45 of the remuneration policy section of this report in terms of maximum bonus opportunity, deferral and clawback provisions. The mechanism through which the clawback can be implemented enables the Committee to (i) reduce the cash bonus earned in a subsequent year and/or reduce outstanding DSP/PSP share awards (i.e. withholding provisions may be used to effect a recovery) or (ii) for the Committee to require that a net of tax balancing cash payment be made to the Company. The measures have been selected to reflect a range of financial and strategic targets that support the key objectives of the Group.

The performance measures and weightings will be as follows:

Measure	As a % of maximum bonus opportunity
Financial targets	
Underlying operating profit before tax(1)	70%
Strategic targets	
Market share	15%
Other revenue(2)	15%

(1) Operating profit before share-based payments and NI on share-based incentives.
(2) Revenue excluding Agency and New Homes.

In relation to the financial target a challenging sliding scale will operate with 25% of the maximum bonus opportunity payable at the threshold underlying operating profit target relative to 2015 business plan through to 100% becoming payable for significant outperformance relative to the plan. A greater proportion of the award will be paid for exceeding on-target performance.

The weighting of the performance measures to be used for the 2015 annual bonus have been adjusted to 15% based on market share (2014: 20%) and 15% on other revenue (2014: 10% on innovation revenue). This rebalancing is felt to reflect the increased emphasis on the delivery of additional revenue streams.

The targets themselves, as they relate to the 2015 financial year, are deemed to be commercially sensitive. However, retrospective disclosure of the targets and performance against them will be provided in next year's Annual Report on Remuneration to the extent that they do not remain commercially sensitive at the time.

Long-term incentives

To ensure that the Company's total remuneration is competitive overall, following a wide reaching shareholder pre-consultation exercise, subject to achieving demanding performance targets, the award levels under the PSP were increased to 200% of base salary for all executive directors from 2014.

Consistent with current market practice and previous years, awards to the executive directors under the PSP in 2015 will be subject to a mixture of EPS (75% of awards) and relative TSR (25% of the awards) performance conditions. The 2015 targets are as follows:

EPS condition

The Group's EPS growth will be measured over the period of three financial years (2015 to 2017). The EPS figure used will be equivalent to the Group's basic underlying EPS (before share-based payments, National Insurance on share-based incentives and no related adjustment for tax). With a view to ensuring appropriately stretching but achievable targets are set in light of market expectations for the Company, the following range of targets will apply to the 2015 awards:

Underlying basic EPS growth from 2015 to 2017[1]	% of award vesting (maximum 75%)
Less than 30%	0%
30%	18.75%
60%	75%
Between 30% and 60%	Straight-line vesting

(1) The benchmark underlying basic EPS for the financial year 2014 from which these targets will be measured is 100.3p.

As in prior years, the targets that are intended to operate for the 2015 PSP awards were set to be appropriately demanding in light of the Group's internal planning, external market expectations for future growth and the record high base point from which growth would be measured. In the current trading environment, particularly in the housing sector, the targets are considered to provide a realistic incentive at the lower end of the performance range but require exceptional performance to achieve full vesting. On this basis, the Committee is satisfied that the revised range of targets are appropriately demanding, and no less challenging to the range of targets set for 2014 awards given the current housing market context.

Relative TSR condition

The vesting schedule for the relative TSR element of executive directors' 2015 PSP awards is set out below. It is consistent with the TSR condition used for previous grants under the share-based incentive schemes. Performance is measured over three financial years.

TSR performance of the Company relative to the FTSE250 Index[1]	% of award vesting (maximum 25%)
Less than the Index	0%
Equal to the Index	6.25%
25% higher than the Index	25%
Intermediate performance	Straight-line vesting

(1) If the FTSE250 Index's TSR was 50% over the three year performance period, then the Company's TSR would have to be at least 75% for all 25% of the PSP shares to vest.

Chairman and non-executive directors' fees

In 2009, the Board decided to increase fees for the non-executive directors in future years annually, directly in line with the basic level of pay rise received by employees within the business until such time as it is considered appropriate to conduct a wider review of non-executive remuneration. Accordingly the Board approved an increase of 2% to the annual fees payable to the non-executive directors. The Committee approved a 2% increase in the annual fees payable to the Chairman.

The Chairman's fee has been set at £117,042 (2014: £114,747). The basic non-executive fee has been set at £46,817 (2014: £45,899) with an additional £5,852 (2014: £5,737) fee per annum paid for the chairing of the Audit and Remuneration Committees and a further £5,852 (2014: £5,737) fee paid to the Senior Independent Director. Jonathan Agnew and Judy Vezmar will continue to receive fees until their retirement from the Board in May 2015.

Statement of shareholder voting at AGM

At the AGM on 7 May 2014, 99.83% of shareholders voted in favour of the Directors' Remuneration Report and 98.55% voted in favour of the Remuneration Policy. The Committee believes this illustrates the strong level of shareholder support for the remuneration framework. The table below shows full details of the voting outcomes for the Remuneration Report and Remuneration Policy:

	Votes for	% Votes for	Votes against	% Votes against	Votes withheld(1)
Remuneration Report	73,555,594	99.83	127,287	0.17	184,293
Remuneration Policy	72,611,825	98.55	1,071,102	1.45	184,247

(1) A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

In line with the Company's commitment to ongoing dialogue with its shareholders, meetings are offered, where appropriate, to understand the reasons for any potential or actual opposition to the Company's remuneration policy. Changes are made to our policy where it is considered appropriate to do so.

Review of past performance

Share price performance

In 2014, the Company's share price ended the year at £22.48 down 18% year on year (the FTSE250 Index was up 1%). On a three year basis the share price has increased by 80% and has continued to outperform the FTSE250 Index over that period as shown in the graphs on page 56.

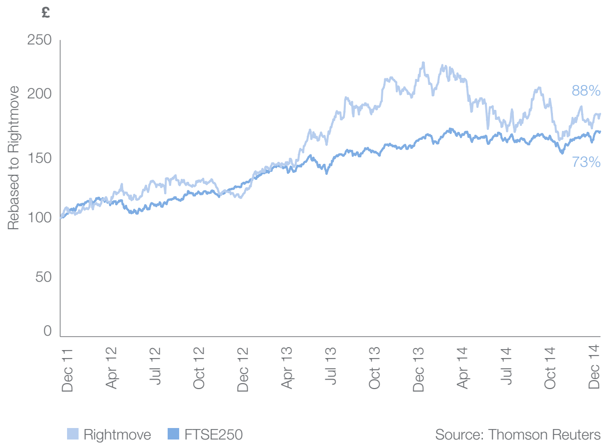
Total shareholder return (TSR)

The first graph on the next page compares the TSR of Rightmove's shares against the FTSE250 Index for the period from 1 January 2012 to 31 December 2014. TSR is the product of movements in the share price plus dividends reinvested on the ex-dividend date. TSR provides a useful, widely used benchmark to illustrate the Company's performance over the last three years. Specifically, it illustrates the value of £100 invested in Rightmove's shares and in the FTSE250 Index over that period.

As required by the Act, the Company's TSR performance is required to be shown against a recognised broad-based share index. The FTSE250 Index was chosen as the comparator because Rightmove is a current constituent of this index. It was used as a comparator in the performance condition applying to PSP awards in previous years and it will also be used as the criteria applied to 25% of the PSP awards to be granted in March 2015.

The graphs on the next page illustrate, for statutory purposes, the TSR of Rightmove's shares against the FTSE250 Index for the three and six years to 31 December 2014.

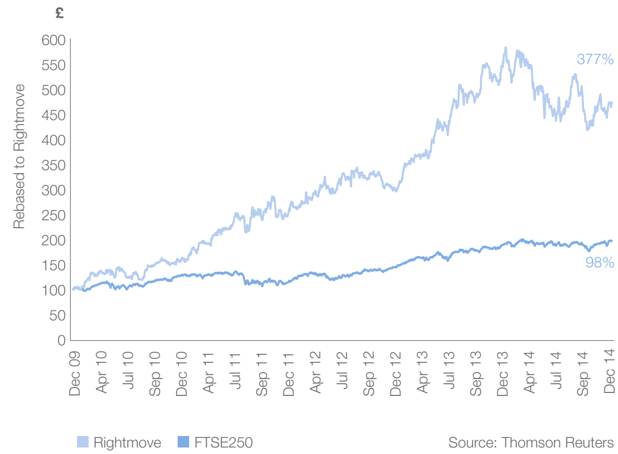
TSR graph – 3 years



Source: Thomson Reuters

This graph shows the value, by 31 December 2014, of £100 invested in Rightmove on 31 December 2011, compared with the value of £100 invested in the FTSE250 Index, on a daily basis.

TSR graph – 6 years



Source: Thomson Reuters

This graph shows the value, by 31 December 2014, of £100 invested in Rightmove on 31 December 2009, compared with the value of £100 invested in the FTSE250 Index, on a daily basis.

Total remuneration for the Chief Executive Officer

The table below shows the total remuneration figure for the Chief Executive Officer over a six year performance period. The total remuneration figure includes the annual bonus and long-term incentive awards which vested based on performance in those years:

Year	Executive	Total single figure £	Annual bonus outturn (% of maximum)	Long-term incentive outturn (% of maximum)
2014	Nick McKittrick	1,599,610	70%	92.35%
2013	Nick McKittrick	2,199,335	85%	100%
	Ed Williams(1)	1,531,515	n/a	100%
2012	Ed Williams	2,219,882	90%	100%
2011	Ed Williams	4,934,942	100%	100%
2010	Ed Williams	652,800	100%	–(2)
2009	Ed Williams	627,641	100%	–(2)

(1) Ed Williams was Chief Executive Officer until his retirement on 30 April 2013. Nick McKittrick was appointed Chief Executive Officer at this time.
(2) The table above includes share-based incentive awards in the period that the associated performance conditions, excluding service conditions are satisfied. Certain pre-float share option awards prior to 2006, which had only service conditions and no performance conditions would have been included in the single figure remuneration table in the year of grant in accordance with Schedule 8 of the Act. The table above therefore excludes £2,026,674 and £4,151,532 of awards with no performance conditions, which vested in 2009 and 2010 respectively.

Directors' remuneration (audited)

The remuneration of the directors of the Company during the year for time served as a director is as follows:

	Fixed pay				Performance-related pay			
	Salary/Fee £	Benefits[1] £	Pension £	Fixed pay subtotal £	Annual bonus[2] £	Long-term incentives (PSPs)[3] £	Performance related pay subtotal £	**Total remuneration in 2014 £**
Executive directors								
Nick McKittrick	400,000	2,055	–	402,055	350,000	847,555	1,197,555	**1,599,610**
Peter Brooks-Johnson	335,000	1,734	25,383	362,117	293,125	559,279	852,404	**1,214,521**
Robyn Perriss	265,000	1,715	20,309	287,024	231,875	109,678[6]	341,553	**628,577**
Non-executive directors								
Scott Forbes	114,747	–	–	114,747	–	–	–	**114,747**
Jonathan Agnew	57,373	–	–	57,373	–	–	–	**57,373**
Colin Kemp	45,899	–	–	45,899	–	–	–	**45,899**
Ashley Martin	51,636	–	–	51,636	–	–	–	**51,636**
Judy Vezmar	45,899	–	–	45,899	–	–	–	**45,899**
Peter Williams	42,074[4]	–	–	42,074	–	–	–	**42,074**
Rakhi Parekh	19,831[5]	–	–	19,831	–	–	–	**19,831**

(1) Benefits in kind for the executive directors relate to private medical insurance and the medical cash plan.
(2) The annual bonus amount relates to the accrued payment in respect of the full year results for the year ended 31 December 2014 including the deferred element of 60%.
(3) The value of the nil cost PSPs vesting is calculated by taking the number of nil cost options expected to vest in March 2015 (including dividend roll up), which are dependent on the three year performance period ended 31 December 2014 and multiplying by the year end closing share price of £22.48.
(4) Fee pro-rated from appointment on 3 February 2014.
(5) Fee pro-rated from appointment on 28 July 2014.
(6) These relate to nil cost PSPs granted to Robyn Perriss prior to her appointment as director.

The remuneration of the directors of the Company during 2013 for time served as a director was:

	Fixed pay				Performance-related pay			
	Salary/Fee £	Benefits(1) £	Pension £	Fixed pay subtotal £	Annual bonus(4) £	Long-term incentives (PSPs)(5) £	Performance-related pay subtotal £	**Total remuneration in 2013 £**
Executive directors								
Nick McKittrick	385,632	1,690	–	387,322	409,734	1,402,279	1,812,013	**2,199,335**
Peter Brooks-Johnson	289,224	1,685	3,000	293,909	307,300	674,180	981,480	**1,275,389**
Robyn Perriss	160,000(2)	1,112	2,000	163,112	170,000	169,904(6)	339,904	**503,015**
Former executive director								
Ed Williams	128,544(3)	692	–	129,236	–	1,402,279	1,402,279	**1,531,515**
Non-executive directors								
Scott Forbes	111,405	–	–	111,405	–	–	–	**111,405**
Jonathan Agnew	55,702	–	–	55,702	–	–	–	**55,702**
Colin Kemp	44,562	–	–	44,562	–	–	–	**44,562**
Ashley Martin	50,132	–	–	50,132	–	–	–	**50,132**
Judy Vezmar	44,562	–	–	44,562	–	–	–	**44,562**

(1) Benefits in kind for the executive directors relate to private medical insurance and the medical cash plan.
(2) Robyn Perriss received a salary of £160,000 for her eight month period as an executive director from 1 May 2013 to 31 December 2013.
(3) Ed Williams received a salary of £128,544 for the four month period from 1 January 2013 to 30 April 2013, until his resignation as a director.
(4) The annual bonus amounts relate to the cash amount paid in respect of the full year results for the year ended 31 December 2013 and the nil cost deferred shares granted in March 2014, which have been valued using the share price at grant date of £26.65.
(5) The value of the nil cost PSPs vesting is calculated by taking the number of nil cost options which vested in March 2014 (including dividend roll up), which were dependent on the three year performance period ended 31 December 2013 and multiplying by the December 2013 closing share price of £27.40.
(6) These relate to nil cost PSPs granted to Robyn Perriss prior to her appointment as director, which vested in March 2014 (including dividend roll up), which were dependent on the three year performance period ended 31 December 2013. The figures disclosed in the 2013 report were based on the share price at the year-end as an estimate for potential value prior to vesting.

Defined contribution pension

The Group operates a stakeholder pension plan for employees under which the employer contributes 6% of base salary, subject to the employee contributing a minimum of 3% of base salary. Nick McKittrick chose to not participate in this arrangement. Peter Brooks-Johnson and Robyn Perriss are members of the stakeholder pension plan and during 2014 the Company contributed £25,383 and £20,309 per annum respectively. The Company does not contribute to any personal pension arrangements.

How was pay linked to performance in 2014?

Annual bonus plan

The incentive for the financial year ended 31 December 2014 was in the form of a cash bonus of up to 50% of salary and a DSP bonus of up to 75% of salary (i.e. 125% in total). The bonus (both cash and DSP elements) was determined by a mixture of underlying operating profit performance (70%) and key performance indicators (30%) relating to underlying drivers of long-term revenue growth.

When comparing performance against the 2014 bonus targets set, the Committee determined that 70% of the maximum achievable cash and DSP bonus should be paid to the executive directors. Accordingly, a cash bonus of 35% of base salary will be paid to the executives and 52.50% of base salary will be granted to the executives under the DSP, which will be deferred until March 2017. More details are provided in the table below:

Measure	Hurdle	As a % of maximum bonus opportunity	Actual performance achieved	Resulting bonus % achieved
Financial targets				
Underlying operating profit before tax[(1)]	Actual targets: £115m: 25% payout £123m: 100% payout	70%	Underlying operating profit achieved: £124.6m The 2014 profit represented a 19.8% growth on 2013	70%
Strategic targets				
Page impressions	Increase in page impressions on 2013: 15% growth: 25% payout 25% growth: 100% payout	20%	Increase in page impressions achieved: 10%	0%
Innovation revenue[(2)]	A target range of revenue generation from non-core activities	10%	Threshold hurdle not met.	0%
Total		**100%**		**70%**

(1) Operating profit before share-based payments and NI on share-based incentives.

(2) The innovation revenue targets provided for 25% of this part of the bonus to become payable for achieving the threshold performance level through to 100% at the maximum performance level. The targets largely related to revenue from commercial, removals and other third party advertising services. The specific targets set for this part of the bonus were considered by the Board to be commercially sensitive given that an understanding of both the nature and scale of our new business initiatives could be to the advantage of our competitor companies. As a result these targets have not been disclosed and targets for new business activities for 2015 or subsequent years are not expected to be disclosed.

Long-term incentives

The PSP awards granted in March 2012 were subject to EPS (75% of the awards) and relative TSR (25% of the awards) performance conditions which related to the three year period ended 31 December 2014.

The vesting schedule for the relative TSR element of executive directors' 2012 PSP awards is set out below:

Relative TSR condition	% of award vesting (maximum 25%)
Less than the Index	0%
Equal to the Index	6.25%
25% higher than the Index	25%
Intermediate performance	Straight-line vesting

At the end of the performance period, Rightmove's TSR was 88.7% compared to 73.9% for the FTSE250 Index. As this level of outperformance is between the performance targets (i.e. outperformed Index by 14.8%) 17.35% of awards (out of the maximum 25%) will vest from 2 March 2015.

Rightmove's EPS growth is measured over a period of three financial years (2012 to 2014). The EPS figure used is equivalent to Rightmove's reported diluted underlying EPS but with a standard UK tax rate applied (Normalised EPS) and the vesting schedule is set out overleaf:

Normalised EPS growth from 2012 to 2014	% of award vesting (maximum 75%)
Less than 30%	0%
30%	18.75%
50%	75%
Between 30% and 50%	Straight-line vesting

At the end of the performance period, Normalised EPS was 92.6p which from a Normalised EPS base of 47.5p results in growth of 95% and exceeded the maximum 50% EPS growth target and will result in full vesting of this part of the award (maximum of 75%) from 2 March 2015.

Share awards granted during the year

On 3 March 2014 Nick McKittrick, Peter Brooks-Johnson and Robyn Perriss were awarded shares under the PSP, which vest in March 2017, and are subject to a mixture of EPS (75% of the awards) and relative TSR (25% of the awards) performance with the greater weighting on EPS to reflect its particular relevance to the performance of the business.

Executive	Basis of grant	Number of shares	Face value of award(1)
Nick McKittrick	200% of base salary	30,018	£799,980
Peter Brooks-Johnson	200% of base salary	25,140	£669,981
Robyn Perriss	200% of base salary	19,887	£529,989

(1) Based on the average mid market share price for the three consecutive days prior to grant, taken from the Daily Official List, of £26.65.

The vesting schedule for the relative TSR element of executive directors' 2014 PSP awards is set out below. It is consistent with the TSR condition used for previous grants under the share option scheme. Performance will be measured over three financial years.

Relative TSR condition	% of award vesting (maximum 25%)
Less than the Index	0%
Equal to the Index	6.25%
25% higher than the Index	25%
Intermediate performance	Straight-line vesting

Rightmove's EPS growth will be measured over a period of three financial years (2014-2016). The EPS figure used will be equivalent to the Group's underlying basic EPS (before share-based payments, NI on share-based incentives and no related adjustments for tax).

The following vesting schedule will apply for executive directors' awards granted in 2014:

Underlying basic EPS growth from 2014 to 2016	% of award vesting (maximum 75%)
Less than 40%	0%
Equal to 40%	18.75%
Between 40% and 70%	Between 18.75% and 75% on a straight-line basis
Equal to or greater than 70%	75%

The benchmark underlying basic EPS for the financial year 2013 from which these targets will be measured is 81.04p.

Share-based incentives held by the directors and not exercised as at 31 December 2014

	Date granted	Share-based incentives held 1 January 2014	Granted in year	Exercise price	Exercised in year	Average share price at date of exercise	**Share-based incentives held at 31 December 2014**	Vesting date	Expiry date
Executive directors									
Nick McKittrick	5/3/2009 (Unapproved)	279,755	–	£2.24	–	–	**279,755**[(1)]	5/3/2012	4/3/2019
	5/3/2010 (Unapproved)	114,165	–	£6.66	–	–	**114,165**[(2)]	5/3/2013	4/3/2020
	4/5/2011 (PSP)	49,289	–	£0.00	–	–	**49,289**[(3)]	4/3/2014	3/3/2016
	2/3/2012 (DSP)	20,183	–	£0.00	(20,183)[(4)]	£23.21	–	2/3/2014	1/3/2015
	2/3/2012 (PSP)	39,303	–	£0.00	–	–	**39,303**[(5)]	2/3/2015	1/3/2017
	1/10/2012 (Sharesave)	694	–	£12.95	–	–	**694**[(6)]	1/11/2015	30/4/2016
	8/3/2013 (DSP)	15,184	–	£0.00	–	–	**15,184**[(7)]	8/3/2015	7/3/2016
	8/3/2013 (PSP)	32,279	–	£0.00	–	–	**32,279**[(8)]	8/3/2016	7/3/2018
	3/3/2014 (DSP)	–	9,224[(9)]	£0.00	–	–	**9,224**	3/3/2016	2/3/2017
	3/3/2014 (PSP)	–	30,018[(10)]	£0.00	–	–	**30,018**	3/3/2017	2/3/2019
	1/10/2014 (Sharesave)	–	456[(11)]	£19.72	–	–	**456**	1/11/2017	30/4/2018
Total		550,852	39,698		(20,183)		**570,367**		

Share-based incentives held by the directors and not exercised as at 31 December 2014 continued

	Date granted	Share-based incentives held 1 January 2014	Granted in year	Exercise price	Exercised in year	Average share price at date of exercise	**Share-based incentives held at 31 December 2014**	Vesting date	Expiry date
Peter Brooks-Johnson	14/3/2006 (Approved)	2,439	–	£4.10	–	–	**2,439**[12]	Between 14/3/2009 & 14/3/2011	13/3/2016
	10/10/2007 (Unapproved)	75,000	–	£5.22	–	–	**75,000**[13]	15/3/2011	9/10/2017
	5/3/2009 (Unapproved)	139,286	–	£2.24	–	–	**139,286**[1]	5/3/2012	4/3/2019
	5/3/2010 (Unapproved)	52,553	–	£6.66	–	–	**52,553**[2]	5/3/2013	4/3/2020
	4/5/2011 (PSP)	23,697	–	£0.00	–	–	**23,697**[3]	4/3/2014	3/3/2016
	2/3/2012 (DSP)	14,114	–	£0.00	(14,114)[4]	£23.21	–	2/3/2014	1/3/2015
	2/3/2012 (PSP)	25,935	–	£0.00	–	–	**25,935**[5]	2/3/2015	1/3/2017
	1/10/2012 (Sharesave)	694	–	£12.95	–	–	**694**[6]	1/11/2015	30/4/2016
	8/3/2013 (DSP)	11,689	–	£0.00	–	–	**11,689**[7]	8/3/2015	7/3/2016
	8/3/2013 (PSP)	24,210	–	£0.00	–	–	**24,210**[8]	8/3/2016	7/3/2018
	3/3/2014 (DSP)	–	6,918[9]	£0.00	–	–	**6,918**	3/3/2016	2/3/2017
	3/3/2014 (PSP)	–	25,140[10]	£0.00	–	–	**25,140**	3/3/2017	2/3/2019
	1/10/2014 (Sharesave)	–	456[11]	£19.72	–	–	**456**	1/11/2017	30/4/2018
Total		369,617	32,514		(14,114)	–	**388,017**		

Share-based incentives held by the directors and not exercised as at 31 December 2014 continued

	Date granted	Share-based incentives held 1 January 2014	Granted in year	Exercise price	Exercised in year	Average share price at date of exercise	**Share-based incentives held at 31 December 2014**	Vesting date	Expiry date
Robyn Perriss	4/5/2011 (PSP)	5,972	–	£0.00	–	–	**5,972**(3)	4/3/2014	3/3/2016
	3/10/2011 (Sharesave)	910	–	£9.88	–	–	**910**(14)	1/11/2014	30/4/2015
	2/3/2012 (DSP)	2,668	–	£0.00	(2,668)(4)	£23.21	–	2/3/2014	1/3/2015
	2/3/2012 (PSP)	5,086	–	£0.00	–	–	**5,086**(5)	2/3/2015	1/3/2017
	8/3/2013 (DSP)	2,172	–	£0.00	–	–	**2,172**(7)	8/3/2015	7/3/2016
	8/3/2013 (PSP)	14,928	–	£0.00	–	–	**14,928**(8)	8/3/2016	7/3/2018
	3/3/2014 (DSP)	–	4,353(9)	£0.00	–	–	**4,353**	3/3/2016	2/3/2018
	3/3/2014 (PSP)	–	19,887(10)	£0.00	–	–	**19,887**	3/3/2017	2/3/2019
	1/10/2014 (Sharesave)	–	912(11)	£19.72	–	–	**912**	1/11/2017	30/4/2018
Total		31,736	25,152		(2,668)		**54,220**		

(1) The options granted on 5 March 2009 were exercisable from 5 March 2012 at an exercise price of £2.24, subject to TSR performance criteria which were met in full.

(2) The unapproved options granted on 5 March 2010 were exercisable from 5 March 2013 at an exercise price of £6.66 subject to the relative TSR and Normalised EPS growth performance conditions which were met in full.

(3) On 4 May 2011, the executive directors were awarded nil cost options under the PSP, which vested in full in 2014 and were subject to a mixture of EPS and relative TSR performance which was met in full.

(4) The nil cost deferred shares granted under the DSP on 2 March 2012 were exercisable from 2 March 2014 subject to annual bonus targets which were met in full.

Nick McKittrick exercised 20,183 shares in November 2014 and subsequently sold 9,506 shares to satisfy the taxation liability at a market value of £23.21, retaining the balance of 10,677.

Peter Brooks-Johnson exercised 14,114 shares in November 2014 and subsequently sold 6,647 shares to satisfy the taxation liability at a market value of £23.21, retaining the balance of 7,467.

Robyn Perriss exercised 2,668 shares in November 2014 and subsequently sold 1,257 shares to satisfy the taxation liability at a market value of £23.21, retaining the balance of 1,411.

(5) On 2 March 2012, Nick McKittrick, Peter Brooks-Johnson and Robyn Perriss were awarded 39,303, 25,935 and 5,086 shares respectively under the PSP, which vest in 2015 and were subject to a mixture of EPS (75% of the award) and relative TSR (25% of the award) performance. 92.35% of the awards are expected to vest as described on pages 59 to 60. This will result in 5,380 shares lapsing in March 2015.

(6) On 1 November 2012, Nick McKittrick and Peter Brooks-Johnson were granted 694 Sharesave options. The options vest in 2015 and have an exercise price of £12.95.

(7) On 8 March 2013, following achievement of the 2012 annual bonus targets, the executive directors were granted nil cost deferred shares under the DSP, which vest in 2015.

(8) On 8 March 2013 the executive directors were awarded nil cost shares under the PSP, which vest in 2016.

The vesting schedule for the relative TSR element of executive directors' 2013 PSP awards is set out below. It is consistent with the TSR condition used for previous grants under the share option scheme. Performance will be measured over three financial years.

Relative TSR condition	% of award vesting (maximum 25%)
Less than the Index	0%
Equal to the Index	6.25%
25% higher than the Index	25%
Intermediate performance	Straight-line vesting

Rightmove's EPS growth will be measured over a period of three financial years (2013 to 2015). The EPS figure used will be equivalent to the Normalised EPS.

The following vesting schedule will apply for executive directors' awards granted in 2013:

Normalised EPS growth from 2013 to 2015	% of award vesting (maximum 75%)
Less than 22.5%	0%
22.5%	18.75%
40%	75%
Between 22.5% and 40%	Straight-line vesting

Assuming no change in the enacted corporation tax rate of 24% before the end of the three year performance period, the benchmark Normalised EPS for the financial year 2012 from which these growth targets will be measured is 63.01p.

(9) On 3 March 2014 Nick McKittrick, Peter Brooks-Johnson and Robyn Perriss were awarded 9,224, 6,918 and 4,353 nil cost deferred shares respectively under the DSP, which vest in 2016. The average mid market share price for the three consecutive preceding days taken from the Daily Official List and used to calculate the number of shares awarded was £26.65.

(10) On 3 March 2014 Nick McKittrick, Peter Brooks-Johnson and Robyn Perriss were awarded 30,018, 25,140 and 19,887 nil cost shares respectively under the PSP, which vest in 2017, further details are described on page 60.

(11) On 1 November 2014, Nick McKittrick, Peter Brooks-Johnson and Robyn Perriss were granted 456, 456 and 912 Sharesave options respectively. The options vest in 2017 and have an exercise price of £19.72.

(12) On 14 March 2006, 7,317 pre-admission options were granted to Peter Brooks-Johnson under the Rightmove Approved Executive Share Option Plan. The options vested as to one third of the number of option shares on each of the third, fourth and fifth anniversaries of the date of the option grant. Of the 2,439 pre-admission approved options outstanding as at 31 December 2014, all options have vested and are eligible for exercise.

(13) The unapproved options granted on 10 October 2007 were exercisable from 15 March 2011 at an exercise price of £5.22.

(14) In November 2011 prior to her appointment as Finance Director, Robyn Perriss was granted 910 Sharesave options. The options vested in 2014 and have an exercise price of £9.88.

Dilution

All existing executive share-based incentives can be satisfied from shares held in the Rightmove Employees' Share Trust (EBT) and shares held in treasury. It is intended that the 2015 share-based incentive awards will also be settled from shares currently held in the EBT or from shares held in treasury without any requirement to issue further shares.

Directors' interests in shares

The interests (both beneficial and family interests) of the directors in office at 31 December 2014 in the share capital of the Company were as follows:

	Interests in ordinary shares of £0.01		Interests in share-based incentives		
	At 31 December 2014	At 1 January 2014	Outstanding PSP & DSP awards (unvested)	Outstanding options (unvested)	Outstanding options (vested but unexercised)
Executive directors					
Nick McKittrick	**141,027**	130,350	126,008	1,150	443,209
Peter Brooks-Johnson	**22,483**	15,016	93,892	1,150	292,975
Robyn Perriss	**1,411**	–	46,426	912	6,882
Non-executive directors					
Scott Forbes	**319,300**	619,300	–	–	–
Jonathan Agnew	**5,000**	5,000	–	–	–
Ashley Martin	**2,060**	2,060	–	–	–
Judy Vezmar	**16,343**	16,343	–	–	–
Peter Williams	**3,728**	–	–	–	–
Colin Kemp	**1,000**	–	–	–	–
Total	**512,352**	**788,069**	**266,326**	**3,212**	**743,066**

- The Company's shares in issue (including 2,505,430 shares held in treasury) as at 31 December 2014 comprised 99,993,317 (2013: 103,115,735) ordinary shares of £0.01 each.
- The mid market share price of the Company was £22.48 as at 31 December 2014 (the last day of trading in 2014). The lowest and highest share prices during the year were £19.81 and £28.05 respectively.
- The executive directors are regarded as being interested, for the purposes of the Companies Act 2006, in 596,499 (2013: 740,398) ordinary shares of £0.01 each in the Company currently held by the EBT as they are, together with other employees, potential beneficiaries of the EBT.
- The directors' beneficial holdings represent 0.5% of the Company's shares in issue as at 31 December 2014 (2013: 0.8%) (excluding shares held in treasury).
- There have been no changes to the above interests between the year end and the date of this report.

Executive director share ownership guidelines are set out in the Policy Report on page 46. The interests of the executive directors in office at 31 December 2014 in the share capital of the Company as a percentage of base salary were as follows:

	Base salary 1 January 2015	Number of shares held at 31 December 2014	Value of shares at 31 December 2014	Value of shares as a % of base salary
Executive directors				
Nick McKittrick	£408,000	141,027	£3,170,287	777%
Peter Brooks-Johnson	£341,700	22,483	£505,418	140%
Robyn Perriss	£270,300	1,411	£31,719	12%

Percentage increase in the remuneration of the Chief Executive Officer

The table below shows the movement in the salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial year compared to that of the total amounts for all employees of the Group for each of these elements of pay.

	2014 £	2013 £	% change
Chief Executive Officer			
Salary	**400,000**	385,632	3.7%
Benefits	**2,055**	1,690	22%
Annual bonus	**350,000**	409,734	(14.6)%
Average of all employees			
Salary	**42,983**	42,317	1.6%
Benefits	**749**	761	(1.5)%
Annual bonus	**3,546**	3,056	16.1%

Relative importance of the spend on pay

The table below shows the total pay for all of Rightmove's employees compared to other key financial indicators. Additional information on the number of employees, total revenue and underlying operating profit has been provided for context.

	Year ended 31 December 2014	Year ended 31 December 2013	% change
Employee costs (refer Note 7)	**£21,647,000**	£19,218,000	13%
Dividends to shareholders (refer Note 12)	**£29,490,000**	£25,126,000	19%
Purchase of own shares (refer Note 23)	**£73,867,000**	£60,537,000	22%
Income tax (refer Note 10)	**£25,857,000**	£22,680,000	14%
Average number of employees (refer Note 7)	**388**	349	11%
Revenue	**£167,012,000**	£139,935,000	19%
Underlying operating profit(1)	**£124,592,000**	£103,962,000	20%

(1) Before share-based payments and NI on share-based incentives.

External directorships

No executive directors held any non-executive roles during the year.

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Rightmove plc for the year ended 31 December 2014 set out on pages 70 to 107. In our opinion:

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

2. Our assessment of risks of material misstatement

We summarise below the risks of material misstatement that had the greatest effect on our audit, our key audit procedures to address those risks and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and consequently are incidental to that opinion, and we do not express discrete opinions on separate elements of the financial statements.

Revenue recognition (£167,012,000)

Refer to page 33 (Corporate governance report), page 81 (accounting policy) and pages 84 to 86 (financial disclosures)

- **The risk:** Revenue primarily consists of subscription fees and customer spend on additional advertising products in respect of properties listed on rightmove.co.uk and is recognised over the period of subscription or as additional advertising products are used. Individual contracts exist with each customer, which include a variety of differing terms and conditions. In addition, Rightmove operate a number of membership offers during the year, some of which include discounted or free periods. Given the variety of individual contract terms and that revenue is the most material figure in the financial statements, we consider a significant risk exists in relation to revenue recognition; specifically that the billing of customers is in line with the appropriate contract, with resulting revenue recognised appropriately, and that membership incentives are recognised in the period to which they relate.
- **Our response:** Our audit procedures included testing the design, implementation and operating effectiveness, of the Group's controls over the billing of customers in line with contract terms and product usage. For Agency and New Homes, which are the most significant revenue streams, we performed detailed procedures using computer assisted audit techniques to analyse the amounts billed to customers by product in order to identify trends and investigate any anomalies and outliers. We considered whether amounts billed had been recognised as revenue appropriately by comparing the period of subscription or usage of additional advertising products to the timing of revenue recognition. We inspected significant contracts signed in the year on a sample basis, to assess whether revenue has been recognised in accordance with the specific contract terms and conditions and relevant accounting standards. For new membership offers operated during the year, we challenged the estimates applied in calculating the impact of discounts or free periods by inspecting details of the membership contracts and subscription numbers for the year.
We assessed the appropriateness of deferred revenue at the period end with reference to subscription fee billings in December and specific product deferrals, where amounts are billed in advance but revenue recognition deferred until use or expiry. We also considered the adequacy of the Group's accounting policy and disclosures (see Notes 1, 2 and 5) in respect of revenue recognition, and whether disclosures properly reflect the risks inherent in recognising revenue.
- **Our findings:** Our testing did not identify weaknesses in the design and operation of controls that would have required us to expand the extent of our planned detailed testing. Our computer assisted audit techniques did not reveal any unexplained differences and we found that revenue was recognised in line with the period of subscription or usage of additional products. We found that revenue was recognised in respect of the significant contracts selected for testing in line with the underlying contractual terms and we found no errors in the Group's calculation of deferred revenue at the year end. We found the group's disclosures to be proportionate in their description of the assumptions and estimates made by the group.

Share-based incentives and related deferred tax charge and asset (£2,728,000, £1,114,000 and £4,224,000 respectively)

Refer to page 33 (Corporate governance report), pages 80 to 82 (accounting policy) and pages 94 to 95; 100 to 104 (financial disclosures).

- **The risk:** The Group provides share-based incentive plans allowing executive directors and other selected senior management to acquire shares in the parent Company. Significant focus is placed upon the share-based incentive charge for the year in the Annual Report, specifically on the face of the Income Statement. Each scheme differs based on the terms of the scheme and different schemes have varying levels of complexity. The choice of valuation methodology and certain of the key inputs used to calculate the total charge to be recognised for new grants, specifically the leaver assumptions and performance conditions, require significant estimation and judgement in their selection, and impact on the derived fair value, charge and related deferred tax balances. As such they are key judgemental areas that our audit concentrated on.
- **Our response:** In this area our audit procedures included evaluating the assumptions and methodologies used by the Group to value new schemes in the year and to estimate the number of shares that will eventually be issued. For key inputs we critically assessed the reasonableness of the Group's assumptions by reference to external data and historical trends, along with reports from the Group's external consultants. In addition, we used our own tax specialists to consider the accuracy of the related deferred tax charge and asset for the year. We also assessed whether the Group's disclosures in these areas (see Note 16 and Note 24) are appropriate.
- **Our findings:** We found the assumptions and resulting estimates used in the valuation models to be mildly cautious in respect of leavers and otherwise balanced and we found no errors in the calculation of the related deferred tax charge and asset. We found the Group's disclosures to be proportionate in their description of the assumptions and estimates made by the Group and the sensitivity of the share-based payments charge to changes in those assumptions and estimates.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £5.8m, determined with reference to a benchmark of Group profit before tax of which it represents 4.75%.

We report to the Audit Committee all uncorrected misstatements we identified through our audit with a value in excess of £0.29m, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds. We report misstatements corrected by management where we believe these will assist the audit committee in fulfilling its governance responsibilities.

The Group audit team also audits the single wholly owned subsidiary, Rightmove Group Limited with a component materiality of £5.0m. The Group procedures covered all of the operations of the Group, and accordingly 100% of total Group revenue; 100% of Group profit before taxation and 100% of total Group assets were audited.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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; and
- the information given in the corporate governance statement set out on pages 34 to 35 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Corporate Governance Report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

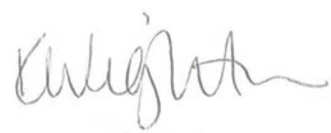
Under the Listing Rules we are required to review:

- the directors' statement, set out on page 35, in relation to going concern;
- the part of the Corporate Governance Statement on pages 26 to 31 relating to the Company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014b, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.



Karen Wightman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE
27 February 2015

Consolidated statement of comprehensive income

for the year ended 31 December 2014

	Note	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Revenue	5	**167,012**	139,935
Administrative expenses		**(44,954)**	(42,919)
Operating profit before share-based payments and NI on share-based incentives		**124,592**	103,962
Share-based payments	24	**(2,728)**	(2,408)
NI on share-based incentives	24	**194**	(4,538)
Operating profit	6	**122,058**	97,016
Financial income	8	**109**	142
Financial expenses	9	**(129)**	(143)
Net financial expense		**(20)**	(1)
Profit before tax		**122,038**	97,015
Income tax expense	10	**(25,857)**	(22,680)
Profit for the year being total comprehensive income		**96,181**	74,335
Attributable to:			
Equity holders of the parent		**96,181**	74,335
Earnings per share (pence)			
Basic	11	**97.70**	74.11
Diluted	11	**96.62**	72.61
Dividends per share (pence)	12	**30.00**	25.00
Total dividends	12	**29,490**	25,126

Consolidated statement of financial position

as at 31 December 2014

	Note	31 December 2014 £000	31 December 2013 £000
Non-current assets			
Property, plant and equipment	13	**1,580**	1,679
Intangible assets	14	**1,565**	1,593
Deferred tax assets	16	**4,503**	5,635
Total non-current assets		**7,648**	8,907
Current assets			
Trade and other receivables	17	**24,298**	22,838
Cash and cash equivalents	18	**11,205**	6,799
Total current assets		**35,503**	29,637
Total assets		**43,151**	38,544
Current liabilities			
Trade and other payables	19	**(27,560)**	(24,993)
Income tax payable		**(12,943)**	(4,472)
Total current liabilities		**(40,503)**	(29,465)
Non-current liabilities			
Provisions	21	**(200)**	(164)
Total non-current liabilities		**(200)**	(164)
Total liabilities		**(40,703)**	(29,629)
Net assets		**2,448**	8,915
Equity			
Share capital	22,23	**1,000**	1,031
Other reserves	23	**432**	401
Retained earnings	23	**1,016**	7,483
Total equity attributable to the equity holders of the parent	23	**2,448**	8,915

The financial statements were approved by the Board of directors on 27 February 2015 and were signed on its behalf by:

Nick McKittrick
Director

Robyn Perriss
Director

Company statement of financial position

as at 31 December 2014

	Note	31 December 2014 £000	31 December 2013 £000
Non-current assets			
Investments	15	**542,804**	541,720
Deferred tax assets	16	**2,667**	3,357
Total non-current assets		**545,471**	545,077
Total assets		**545,471**	545,077
Current liabilities			
Trade and other payables	19	**(50,123)**	(24,799)
Total current liabilities		**(50,123)**	(24,799)
Net assets		**495,348**	520,278
Equity			
Share capital	22,23	**1,000**	1,031
Other reserves	23	**109,608**	108,493
Retained earnings	23	**384,740**	410,754
Total equity attributable to the equity holders of the parent	23	**495,348**	520,278

The financial statements were approved by the Board of directors on 27 February 2015 and were signed on its behalf by:

Nick McKittrick
Director

Robyn Perriss
Director

Consolidated statement of cash flows

for the year ended 31 December 2014

	Note	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Cash flows from operating activities			
Profit for the year		**96,181**	74,335
Adjustments for:			
Depreciation charges	13	**825**	770
Amortisation charges	14	**368**	407
Loss on disposal of property, plant and equipment	6	**1**	–
Loss on disposal of intangible assets	6	**3**	–
Financial income	8	**(109)**	(142)
Financial expenses	9	**129**	143
Share-based payments	24	**2,728**	2,408
Income tax expense	10	**25,857**	22,680
Operating cash flow before changes in working capital		**125,983**	100,601
Increase in trade and other receivables		**(3,151)**	(2,691)
Increase in trade and other payables		**2,522**	1,218
Increase in provisions	21	**36**	35
Cash generated from operating activities		**125,390**	99,163
Financial expenses paid		**(129)**	(143)
Income taxes paid		**(17,070)**	(16,062)
Net cash from operating activities		**108,191**	82,958
Cash flows from investing activities			
Interest received		**133**	145
Acquisition of property, plant and equipment	13	**(727)**	(762)
Acquisition of intangible assets	14	**(343)**	(314)
Deferred consideration received	17	**1,667**	–
Net cash received/(used) in investing activities		**730**	(931)
Cash flows from financing activities			
Dividends paid	12	**(29,490)**	(25,126)
Purchase of own shares for cancellation	23	**(73,867)**	(60,537)
Purchase of own shares for share incentive plans	23	**(863)**	–
Share-related expenses	23	**(472)**	(387)
Proceeds on exercise of share-based incentives	23	**177**	3,740
Net cash used in financing activities		**(104,515)**	(82,310)
Net increase/(decrease) in cash and cash equivalents		**4,406**	(283)
Cash and cash equivalents at 1 January		**6,799**	7,082
Cash and cash equivalents at 31 December	18	**11,205**	6,799

Company statement of cash flows

for the year ended 31 December 2014

	Note	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Cash flows from operating activities			
Profit for the year	23	**76,732**	71,015
Adjustments for:			
Financial income	27	**(80,228)**	(77,640)
Financial expenses	27	**536**	517
Share-based payments	24	**1,644**	1,616
Income tax credit		**(799)**	(1,727)
Operating cash flow before changes in working capital		**(2,115)**	(6,219)
Increase in trade and other payables	19	**105,944**	92,269
Cash generated from operating activities		**103,829**	86,050
Cash flows from financing activities			
Dividends paid	12	**(29,490)**	(25,126)
Purchase of own shares for cancellation	23	**(73,867)**	(60,537)
Share-related expenses	23	**(472)**	(387)
Net cash used in financing activities		**(103,829)**	(86,050)
Net decrease in cash and cash equivalents		**–**	–
Cash and cash equivalents at 1 January		**–**	–
Cash and cash equivalents at 31 December	18	**–**	–

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2014

	Note	Share capital £000	EBT shares reserve £000	Treasury shares £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2013		1,059	(7,911)	(11,917)	235	138	25,909	7,513
Total comprehensive income								
Profit for the year		–	–	–	–	–	74,335	74,335
Transactions with owners recorded directly in equity								
Share-based payments	24	–	–	–	–	–	2,408	2,408
Tax credit in respect of share-based incentives recognised directly in equity	10	–	–	–	–	–	7,006	7,006
Dividends to shareholders	12	–	–	–	–	–	(25,126)	(25,126)
Exercise of share-based incentives	23	–	5,493	–	–	–	(1,753)	3,740
Cancellation of own shares	23	(28)	–	–	28	–	(60,537)	(60,537)
Share related expenses	23	–	–	–	–	–	(424)	(424)
At 31 December 2013		1,031	(2,418)	(11,917)	263	138	21,818	8,915
At 1 January 2014		**1,031**	**(2,418)**	**(11,917)**	**263**	**138**	**21,818**	**8,915**
Total comprehensive income								
Profit for the year		**–**	**–**	**–**	**–**	**–**	**96,181**	**96,181**
Transactions with owners recorded directly in equity								
Share-based payments	24	**–**	**–**	**–**	**–**	**–**	**2,728**	**2,728**
Tax debit in respect of share-based incentives recognised directly in equity	10	**–**	**–**	**–**	**–**	**–**	**(816)**	**(816)**
Dividends to shareholders	12	**–**	**–**	**–**	**–**	**–**	**(29,490)**	**(29,490)**
Exercise of share-based incentives	23	**–**	**375**	**–**	**–**	**–**	**(198)**	**177**
Purchase of shares for share incentive plan	23	**–**	**(863)**	**–**	**–**	**–**	**–**	**(863)**
Cancellation of own shares	23	**(31)**	**–**	**–**	**31**	**–**	**(73,867)**	**(73,867)**
Share related expenses	23	**–**	**–**	**–**	**–**	**–**	**(517)**	**(517)**
At 31 December 2014		**1,000**	**(2,906)**	**(11,917)**	**294**	**138**	**15,839**	**2,448**

Company statement of changes in shareholders' equity

for the year ended 31 December 2014

	Note	Share capital £000	Treasury shares £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2013		1,059	(11,917)	4,153	103,520	430,624	527,439
Total comprehensive income							
Profit for the year		–	–	–	–	71,015	71,015
Transactions with owners recorded directly in equity							
Share-based payments	24	–	–	–	–	1,616	1,616
Tax credit in respect of share-based incentives recognised directly in equity	10	–	–	–	–	5,503	5,503
Capital contribution	23	–	–	792	–	–	792
Dividends to shareholders	12	–	–	–	–	(25,126)	(25,126)
Cancellation of own shares	23	(28)	–	28	–	(60,537)	(60,537)
Share related expenses	23	–	–	–	–	(424)	(424)
At 31 December 2013		1,031	(11,917)	4,973	103,520	422,671	520,278
At 1 January 2014		**1,031**	**(11,917)**	**4,973**	**103,520**	**422,671**	**520,278**
Total comprehensive income							
Profit for the year		**–**	**–**	**–**	**–**	**76,732**	**76,732**
Transactions with owners recorded directly in equity							
Share-based payments	24	**–**	**–**	**–**	**–**	**1,644**	**1,644**
Tax debit in respect of share-based incentives recognised directly in equity	10	**–**	**–**	**–**	**–**	**(516)**	**(516)**
Capital contribution	23	**–**	**–**	**1,084**	**–**	**–**	**1,084**
Dividends to shareholders	12	**–**	**–**	**–**	**–**	**(29,490)**	**(29,490)**
Cancellation of own shares	23	**(31)**	**–**	**31**	**–**	**(73,867)**	**(73,867)**
Share related expenses	23	**–**	**–**	**–**	**–**	**(517)**	**(517)**
At 31 December 2014		**1,000**	**(11,917)**	**6,088**	**103,520**	**396,657**	**495,348**

1 General information

Rightmove plc (the Company) is a company registered in England (Company no. 6426485) domiciled in the United Kingdom (UK). The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its interest in its subsidiaries (together referred to as the Group). Its principal business is the operation of the rightmove.co.uk website, which has the largest audience of any UK property website (as measured by page impressions).

The consolidated financial statements of the Group as at and for the year ended 31 December 2014 are available upon request to the Company Secretary from the Company's registered office at Turnberry House, 30 Caldecotte Lake Drive, Caldecotte, Milton Keynes, MK7 8LE or are available on the corporate website at plc.rightmove.co.uk.

Statement of compliance

The Group and Company financial statements have been prepared and approved by the Board of directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (Adopted IFRSs) and issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of directors on 27 February 2015.

Basis of preparation

On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

The accounting policies set out below have been consistently applied to both years presented, unless otherwise stated.

The financial statements have been prepared on an historical cost basis.

Changes in accounting policies

The accounting policies applied by the Group in these consolidated financial statements are in accordance with Adopted IFRSs and are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013.

IFRS 10 Consolidated Financial Statements was adopted in the year to replace IAS 27 Consolidated and Separate Financial Statements. The adoption of IFRS 10 has had no material impact on the financial statements.

Going concern

Throughout 2014, the Group was debt free and has continued to generate significant cash. The Group has net cash balances of £11,205,000 at 31 December 2014 (2013: £6,799,000). During the year the business returned £103,400,000 of cash to shareholders.

The Group entered into a 12 month agreement with HSBC for a £10,000,000 committed revolving loan facility on 10 February 2014. This agreement has been extended for a further 12 months and will expire on 9 February 2016. To date no amount has been drawn under this facility.

After making enquiries, the Board of directors has a reasonable expectation that the Group and the Company have adequate resources and banking facilities to continue in operational existence for the foreseeable future. Accordingly, the Board of directors continues to adopt the going concern basis in preparing the Annual Report and financial statements.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 23. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 13 to 16. In addition Note 4 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 its exposures to credit risk and liquidity risk.

1 General information continued

Capital structure

The Company was incorporated and registered in England and Wales on 14 November 2007 under the Companies Act 1985 as a private company limited by shares with the name Rightmove Group Limited, registered no. 6426485. The Company was re-registered as a public limited company under the name Rightmove Group plc on 29 November 2007. On 28 January 2008 the Company became the holding company of Rightmove Group Limited (formerly Rightmove plc, Company no. 3997679) and its subsidiaries pursuant to a Scheme of Arrangement under s425 of the Companies Act 1985. The shares in the Company were admitted to trading on the Official List of the London Stock Exchange on 28 January 2008 and the Company immediately changed its name to Rightmove plc. Details of the share capital of the Company are disclosed in Note 22.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Judgements and estimates

The preparation of the consolidated and Company financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods, if applicable.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and Company financial statements is included in the following notes:

Note 2 (j) — Revenue recognition and the associated deferral, specifically regarding the period to which services relate, when specific products have expired and the recognition of revenue from membership offers including discounted or free periods.

Notes 16 and 24 — The choice of valuation methodology and the inputs and assumptions used to calculate the initial fair value for new share-based incentives granted and the rate at which the related deferred tax asset is measured. The key estimates used in calculating the fair value of the options are the fair value of the Company's shares at the grant date, expected share price volatility, risk-free interest rate, expected dividends, and weighted average expected life of the instrument. In respect of share options granted to employees, the number of options that are expected to vest is based upon estimates of the number of employees that will forfeit their awards through leaving the Group and the likelihood of any non-market-based performance conditions being satisfied. Management regularly performs a true-up of the estimate of the number of shares that are expected to vest; this is dependent on the anticipated number of leavers.

2 Significant accounting policies

(a) Investments

Investments in subsidiaries are held at cost less any provision for impairment in the parent Company financial statements.

(b) Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount previously recorded under UK Generally Accepted Accounting Principles (GAAP). The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 were not reconsidered in preparing the Group's opening IFRS statement of financial position at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. This applies to all goodwill arising both before and after 1 January 2004.

(ii) Research and development

The Group undertakes research and development expenditure in view of developing new products and improving the existing property website. Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of a new product or substantially enhanced website, is capitalised if the new product or the enhanced website is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes subcontractors and direct labour. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

(iii) Computer software and licences

Computer software and externally acquired software licences are capitalised and stated at cost less accumulated amortisation and impairment losses. Amortisation is charged from the date the asset is available for use. Amortisation is provided to write off the cost less the estimated residual value of the computer software or licence by equal annual instalments over its estimated useful economic life as follows:

Computer software	20.0% – 33.3% per annum
Software licences	20.0% – 33.3% per annum

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal annual instalments over their estimated useful economic lives as follows:

Office equipment, fixtures & fittings	20.0% per annum
Computer equipment	20.0% – 33.3% per annum
Leasehold improvements	remaining life of the lease

(d) Impairment

The carrying value of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation but are tested for impairment annually and whenever there is an indication that they might be impaired. An impairment loss is recognised for the amount by which the carrying value of the asset exceeds its recoverable amount.

2 Significant accounting policies continued

Investments are assessed for possible impairment when there is an indication that the fair value of the investments may be below the Company's carrying value. When such a condition is deemed to be other than temporary, the carrying value of the investment is written down to its fair value and the amount written off is included in profit or loss. In making the determination as to whether a decline is other than temporary, the Company considers such factors as the duration and extent of the decline, the investee's financial performance and the Company's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value.

(e) Financial instruments
Trade receivables do not carry any interest and are recognised at fair value less any impairment loss. 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 receivables' original terms.

Inter-group balances and transactions, and any unrealised income and expenses arising from inter-group transactions, are eliminated in preparing the consolidated financial statements.

Trade payables are not interest bearing and are recognised at fair value. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(f) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(g) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

A provision is maintained in respect of lease dilapidations based on an estimated cost to make good per square foot multiplied by the floor area of each premise.

(h) Employee benefits

(i) Pensions
The Group provides access to a stakeholder pension scheme (a defined contribution pension plan) into which employees may elect to contribute via salary exchange. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due.

(ii) Employee share schemes
The Group provides share-based incentive plans allowing executive directors and other selected senior management to acquire shares in the Company. An expense is recognised in profit or loss, with a corresponding increase in equity, over the period during which the employees become unconditionally entitled to acquire equity settled share-based incentives.

Fair value is measured using either the Monte Carlo or Black Scholes pricing model as is most appropriate for each scheme. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option behaviour), expected dividends, and risk-free interest rates (based on government bonds). Service and non-market performance conditions attached to the awards are not taken into account in determining the fair value.

For share-based incentive awards with non-vesting conditions, the grant date fair value of the share-based incentives is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. When either the employee or the Company chooses not to meet the non-vesting condition, the failure to meet the non-vesting condition is treated as a cancellation and the cost that would have been recognised over the remainder of the vesting period is recognised immediately in profit or loss.

(iii) Own shares held by The Rightmove Employees' Share Trust (EBT)
The EBT is treated as an agent of Rightmove Group Limited and as such EBT transactions are treated as being those of Rightmove Group Limited and are therefore reflected in the Group's consolidated financial statements. In particular, at a consolidated level, the EBT's purchases of shares in the Company are charged directly to equity.

(iv) National Insurance (NI) on share-based incentives
Employer's NI is accrued, where applicable, at a rate of 13.8%, which management expects to be the prevailing rate when share-based incentives are exercised. In the case of share options, it is provided on the difference between the share price at the reporting date and the average exercise price of share options. In the case of nil cost performance shares and deferred shares, it is provided based on the share price at the reporting date.

(i) Treasury shares and shares purchased for cancellation
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are either held in treasury or cancelled.

(j) Revenue
Revenue principally represents the amounts receivable from customers in respect of membership to the rightmove.co.uk website. Agency, new homes, overseas and commercial revenue comprises subscriptions for core listing fees and amounts paid for additional advertising products. Contracts for these services are per branch or branch equivalent for agency and per development for new homes. They vary in length from one month to five years, but are typically for periods of six to 12 months. Revenue is recognised over the period of the contract or as additional products are used. Membership offers take place from time to time and may include discounted products and free periods. These are recognised on a monthly basis over the contract term.

Agency, overseas and commercial services are typically billed in advance with revenue deferred until the service commencement date. New homes developers are billed monthly in arrears. Where invoices are raised on other than a monthly basis, the amounts are recognised as deferred or accrued revenue and released to the profit or loss on a monthly basis in line with the provision of services as stipulated in the contract terms.

Data services revenue relates to fees generated for data and valuation services under a variety of contractual arrangements. Revenue is recognised when the service has been provided. Third party advertising revenue represents amounts paid in respect of non-property advertising on the rightmove.co.uk website and is recognised in the month in which the service is provided. Consumer services revenue principally relates to payment for leads and is recognised when the lead is generated. Data services, third party advertising and consumer services revenue is typically billed in arrears.

(k) Segmental reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

(l) Leases
Operating lease rentals are charged to profit or loss on a straight-line basis over the period of the lease. Where cash is received in exchange for entering into a lease with rates above market value, this upfront payment is deferred and released on a straight-line basis over the lease term.

(m) Financial income and expenses
Financial income comprises interest receivable on cash balances, deposits and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established.

Financial expenses comprise banking facility fees and bank charges and the unwinding of the discount on provisions.

(n) Taxation
Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period net of any charge or credit posted directly to equity, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous periods.

2 Significant accounting policies continued

Deferred tax is provided in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

In accordance with IAS 12, the Group policy in relation to the recognition of deferred tax on share-based incentives is to include the income tax effect of the tax deduction in profit or loss to the value of the income tax charge on the cumulative IFRS 2 charge. The remainder of the income tax effect of the tax deduction is recognised in equity.

(o) Dividends
Dividends unpaid at the reporting date are only recognised as a liability (and deduction to equity) at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(p) Earnings per share
The Group presents basic, diluted and underlying earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all potential dilutive instruments, which comprise share-based incentives granted to employees. The calculation of underlying EPS is disclosed in Note 11.

3 IFRSs not yet applied

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended 31 December 2014 and have not been applied in preparing these consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers has been issued in the year, although not yet endorsed in the EU, and an exercise is underway to assess the impact that this will have on revenue recognition.

4 Risk and capital management

Overview
The Group has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk

This note presents information about the Group and Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The primary method by which risks are monitored and managed by the Group is through the monthly Executive Management Board, where any significant new risks or change in status to existing risks will be discussed and actions taken as appropriate.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's internal controls and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or banking institution fails to meet its contractual obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group provides credit to customers in the normal course of business. The Group provides its services to a wide range of customers in the UK and overseas and therefore believes it has no material concentration of credit risk.

More than 90.0% (2013: 90.0%) of the Group's agency and new homes customers pay via monthly direct debit, minimising the risk of non-payment. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables based on individually identified loss exposures.

The Group's treasury policy is to monitor cash balances on a daily basis to ensure that no more than £30,000,000 is held with any single institution.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's revenue model is largely subscription-based, which results in a regular level of cash conversion allowing it to service working capital requirements.

The Group and Company ensure that they have sufficient cash on demand to meet expected operational expenses excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Throughout the year, the Group typically had sufficient cash on demand to meet operational expenses, before financing activities, for a period of 105 days (2013: 136 days).

The Group entered into a 12 month agreement with HSBC for a £10,000,000 committed revolving loan facility on 10 February 2014. This agreement has been extended for a further 12 months and will expire on 9 February 2016. To date no amount has been drawn under this facility.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Currency risk

All of the Group's sales and more than 95.0% (2013: 95.0%) of the Group's purchases are Sterling denominated, accordingly it has no significant currency risk.

(ii) Interest rate risk

The Group and Company have no interest bearing financial liabilities. The Group is exposed to interest rate risk on cash balances.

Capital management

The Board of directors' policy is to maintain an efficient statement of financial position so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of directors considers that the future working capital and capital expenditure requirements of the Group will continue to be low and accordingly return on capital measures are not key performance targets. The Board of directors monitors the spread of the Company's shareholders as well as underlying basic earnings per share. The Board of directors has a progressive dividend policy and also monitors the level of dividends to ordinary shareholders in relation to profit growth. The Board's policy is to return surplus capital to shareholders through a combination of dividends and share buybacks.

The Company purchases its own shares in the market; the timing of these purchases depends on market conditions. In 2014, 3,122,418 (2013: 2,780,380) shares were bought back and were cancelled at an average price of £23.66 (2013: £21.77).

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

4 Risk and capital management continued

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- requirements for reporting of operational losses and proposed remedial action;
- development and regular testing of business continuity and disaster recovery plans;
- training and professional development; and
- risk mitigation, including insurance where this is effective.

5 Operating segments

The Group determines and presents operating segments based on internal information that is provided to the Chief Executive Officer, who is the Group's Chief Operating Decision Maker.

The Group's reportable segments are as follows:

- The **Agency** segment which provides resale and lettings property advertising services on www.rightmove.co.uk; and
- The **New Homes** segment which provides property advertising services to new home developers and housing associations on www.rightmove.co.uk.

The **Other** segment which represents activities under the reportable segments threshold, comprises overseas and commercial property advertising services and non-property advertising services which include our third party and consumer services as well as data and valuation services. Management monitors the business segments at a revenue and trade receivables level separately for the purpose of making decisions about resources to be allocated and of assessing performance. All revenues in both years are derived from third parties and there are no inter-segment revenues.

Operating costs, financial income, financial expenses and income taxes in relation to the Agency, New Homes and the Other segment are managed on a centralised basis at a Rightmove Group Limited level and as there are no internal measures of individual segment profitability, relevant disclosures have been shown under the heading of Central in the table below.

The Company has no reportable segments.

	Agency £000	New Homes £000	Sub total £000	Other £000	Central £000	Adjustments £000	Total £000
Year ended 31 December 2014							
Revenue	**129,590**	**26,407**	**155,997**	**11,015**	**–**	**–**	**167,012**
Operating profit(1)	**–**	**–**	**–**	**–**	**124,592**	**(2,534)(2)**	**122,058**
Depreciation and amortisation	**–**	**–**	**–**	**–**	**(1,193)**	**–**	**(1,193)**
Financial income	**–**	**–**	**–**	**–**	**109**	**–**	**109**
Financial expenses	**–**	**–**	**–**	**–**	**(129)**	**–**	**(129)**
Trade receivables(3)	**15,107**	**5,122**	**20,229**	**1,491**	**–**	**81(4)**	**21,801**
Other segment assets	**–**	**–**	**–**	**–**	**21,333**	**17(5)**	**21,350**
Segment liabilities	**–**	**–**	**–**	**–**	**(40,605)**	**(98)(4)(5)**	**(40,703)**
Capital expenditure(6)	**–**	**–**	**–**	**–**	**1,070**	**–**	**1,070**
Year ended 31 December 2013							
Revenue	107,307	24,170	131,477	8,458	–	–	139,935
Operating profit(1)	–	–	–	–	103,962	(6,946)(7)	97,016
Depreciation and amortisation	–	–	–	–	(1,177)	–	(1,177)
Financial income	–	–	–	–	142	–	142
Financial expenses	–	–	–	–	(143)	–	(143)
Trade receivables(3)	13,124	4,717	17,841	1,225	–	80(4)	19,146
Other segment assets	–	–	–	–	19,347	51(5)	19,398
Segment liabilities	–	–	–	–	(29,498)	(131)(4)(5)	(29,629)
Capital expenditure(6)	–	–	–	–	1,076	–	1,076

(1) Operating profit is stated after the charge for depreciation and amortisation.
(2) Operating profit for the year ended 31 December 2014 does not include share-based payments charge of £2,728,000 and NI on share-based incentives credit of £194,000.
(3) The only segment assets that are separately monitored by the Chief Operating Decision Maker relate to trade receivables net of any associated provision for impairment. All other segment assets are reported on a centralised basis.
(4) The adjustments column reflects the reclassification of credit balances in accounts receivable made on consolidation for statutory accounts purposes.
(5) The adjustments column reflects the reclassification of debit balances in accounts payable made on consolidation for statutory accounts purposes.
(6) Capital expenditure consists of additions of property, plant and equipment and intangible assets (excluding goodwill).
(7) Operating profit for the year ended 31 December 2013 does not include share-based payments charge of £2,408,000 and NI on share-based incentives of £4,538,000.

5 Operating segments continued

Geographic information

In presenting information on the basis of geography, revenue and assets are based on the geographical location of customers.

Group	Year ended 31 December 2014 Revenue £000	Year ended 31 December 2014 Trade receivables £000	Year ended 31 December 2013 Revenue £000	Year ended 31 December 2013 Trade receivables £000
UK	164,382	21,594	138,380	19,007
Rest of the world	2,630	207	1,555	139
	167,012	21,801	139,935	19,146

6 Operating profit

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Operating profit is stated after charging:		
Employee benefit expense	21,647	19,218
Depreciation of property, plant and equipment	825	770
Amortisation of computer software	368	407
Loss on disposal of property, plant and equipment	1	–
Loss on disposal of intangible assets	3	–
Bad debt impairment charge	341	235
Operating lease rentals		
Land and buildings	896	867
Other	569	535

Auditor's remuneration

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Fees payable to the Company's auditor in respect of the audit		
Audit of the Company's financial statements	15	15
Audit of the Company's subsidiaries pursuant to legislation	105	105
Total audit remuneration	120	120
Fees payable to the Company's auditor in respect of non-audit related services		
Tax compliance services and advisory	11	12
All other services	7	22
Total non-audit remuneration	18	34

7 Employee numbers and costs

The average number of persons employed (including executive directors) during the year, analysed by category, was as follows:

	Year ended 31 December 2014 Number of employees	Year ended 31 December 2013 Number of employees
Administration	368	332
Management	20	17
	388	349

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Wages and salaries	18,621	16,716
Social security costs	2,276	2,066
Pension costs	750	436
	21,647	19,218

Social security costs do not include a credit of £194,000 (2013: charge £4,538,000) relating to NI on share-based incentives which has been disclosed in the Statement of Comprehensive Income.

8 Financial income

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Interest income on cash balances	106	136
Interest income on amounts held in Escrow	3	6
	109	142

9 Financial expenses

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Other financial expenses	129	143

10 Income tax expense

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Current tax expense		
Current year	26,575	22,517
Adjustment to current tax charge in respect of prior years	(499)	(169)
	26,076	22,348
Deferred tax charge		
Origination and reversal of temporary differences	(228)	150
Adjustment to deferred tax charge in respect of prior years	9	3
Reduction in tax rate	–	179
	(219)	332
Total income tax expense	25,857	22,680

Income tax debit/(credit) recognised directly in equity

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Current tax		
Share-based incentives	(535)	(10,706)
Deferred tax		
Share-based incentives (refer Note 16)	1,351	3,700
Total income tax debit/(credit) recognised directly in equity	816	(7,006)

Total income tax recognised directly in equity in respect of the Company was £516,000 (2013: credit £5,503,000).

Reconciliation of effective tax rate

The Group's income tax expense for the year is lower (2013: higher) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Profit for the year	96,181	74,335
Total income tax expense	25,857	22,680
Profit excluding income tax	122,038	97,015
Current tax at 21.5% (2013: 23.25%)	26,238	22,556
Reduction in tax rate	–	179
Non-deductible expenses	92	130
Share-based incentives	17	(19)
Adjustment to current tax charge in respect of prior years	(499)	(169)
Adjustment to deferred tax charge in respect of prior years	9	3
	25,857	22,680

The Group's consolidated effective tax rate on the profit of £122,038,000 for the year ended 31 December 2014 is 21.2% (2013: 23.4%). The difference between the standard rate and effective rate at 31 December 2014 is primarily attributable to a prior year adjustment in respect of research and development 0.4% (2013: 0.2%), offset by disallowable expenditure and a reduction in the rate at which the deferred tax asset is recognised of 0.1% (2013: 0.1%).

11 Earnings per share (EPS)

	Weighted average number of ordinary shares	Total earnings £000	Pence per share
Year ended 31 December 2014			
Basic EPS	98,444,757	96,181	97.70
Diluted EPS	99,550,632	96,181	96.62
Underlying basic EPS	98,444,757	98,715	100.28
Underlying diluted EPS	99,550,632	98,715	99.16
Year ended 31 December 2013			
Basic EPS	100,302,258	74,335	74.11
Diluted EPS	102,375,057	74,335	72.61
Underlying basic EPS	100,302,258	81,281	81.04
Underlying diluted EPS	102,375,057	81,281	79.40

Weighted average number of ordinary shares (basic)

	Year ended 31 December 2014 Number of shares	Year ended 31 December 2013 Number of shares
Issued ordinary shares at 1 January less ordinary shares held by the EBT	102,375,411	102,492,086
Effect of own shares held in treasury	(2,505,430)	(2,505,430)
Effect of own shares purchased for cancellation	(1,485,561)	(1,232,171)
Effect of share-based incentives exercised	60,337	1,547,773
	98,444,757	100,302,258

11 Earnings per share (EPS) continued

Weighted average number of ordinary shares (diluted)

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive shares. The Group's potential dilutive instruments are in respect of share-based incentives granted to employees, which will be settled by ordinary shares held by the EBT and shares held in treasury.

	Year ended 31 December 2014 Number of shares	Year ended 31 December 2013 Number of shares
Weighted average number of ordinary shares (basic)	98,444,757	100,302,258
Dilutive impact of share-based incentives outstanding	1,105,875	2,072,799
	99,550,632	102,375,057

The average market value of the Group's shares for the purposes of calculating the dilutive effect of share-based incentives was based on quoted market prices for the period during which the share-based incentives were outstanding.

Underlying EPS

Underlying EPS is calculated before the charge/(credit) for share-based payments and NI on share-based incentives but without any adjustment to the tax charge in respect of these items. A reconciliation of the basic earnings for the year to the underlying earnings is presented below:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Basic earnings for the year	96,181	74,335
Share-based payments	2,728	2,408
NI on share-based incentives	(194)	4,538
Underlying earnings for the year	98,715	81,281

12 Dividends

Dividends declared and paid by the Company were as follows:

	2014		2013	
	Pence per share	**£000**	Pence per share	£000
2012 final dividend paid	–	–	14.0	14,114
2013 interim dividend paid	–	–	11.0	11,012
2013 final dividend paid	**17.0**	**16,768**	–	–
2014 interim dividend paid	**13.0**	**12,722**	–	–
	30.0	**29,490**	25.0	25,126

After the reporting date a final dividend of 22.0p (2013: 17.0p) per qualifying ordinary share being £21,269,000 (2013: £16,908,000) was proposed by the Board of directors.

The 2013 final dividend paid on 6 June 2014 was £16,768,000 being a difference of £140,000 compared to that reported in the 2013 Annual Report, which was due to a decrease in the ordinary shares entitled to a dividend between 31 December 2013 and the final dividend record date of 7 May 2014.

The 2014 interim dividend paid on 7 November 2014 was £12,722,000 being a difference of £60,000 compared to that reported in the 2014 Half Year Report, which was due to a decrease in the ordinary shares entitled to a dividend between 30 June 2014 and the interim dividend record date of 10 October 2014.

The terms of the EBT provide that dividends payable on the ordinary shares held by the EBT are waived. No provision was made for the final dividend in either year and there are no income tax consequences.

13 Property, plant and equipment

Group	Office equipment, fixtures & fittings £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost				
At 1 January 2014	687	3,865	451	5,003
Additions	64	663	–	727
Disposals	(38)	(242)	–	(280)
At 31 December 2014	713	4,286	451	5,450
Depreciation				
At 1 January 2014	(471)	(2,760)	(93)	(3,324)
Charge for year	(73)	(695)	(57)	(825)
Disposals	38	241	–	279
At 31 December 2014	(506)	(3,214)	(150)	(3,870)
Net book value				
At 31 December 2014	**207**	**1,072**	**301**	**1,580**
At 1 January 2014	216	1,105	358	1,679

13 Property, plant and equipment continued

Group	Office equipment, fixtures & fittings £000	Computer equipment £000	Leasehold improvements £000	Work in progress £000	Total £000
Cost					
At 1 January 2013	647	3,126	451	87	4,311
Additions	40	722	–	–	762
Brought into use	–	17	–	(87)	(70)
At 31 December 2013	687	3,865	451	–	5,003
Depreciation					
At 1 January 2013	(407)	(2,112)	(35)	–	(2,554)
Charge for year	(64)	(648)	(58)	–	(770)
At 31 December 2013	(471)	(2,760)	(93)	–	(3,324)
Net book value					
At 31 December 2013	**216**	**1,105**	**358**	**–**	**1,679**
At 1 January 2013	240	1,014	416	87	1,757

The work in progress consisted of a new finance system that was brought into use during 2013. This resulted in a transfer of £17,000 to computer equipment and £70,000 to computer software (refer Note 14).

The Company had no property, plant or equipment in either year.

14 Intangible assets

Group	Goodwill £000	Computer software £000	Total £000
Cost			
At 1 January 2014	732	4,069	4,801
Additions	–	343	343
Disposals	–	(227)	(227)
At 31 December 2014	732	4,185	4,917
Amortisation			
At 1 January 2014	–	(3,208)	(3,208)
Charge for year	–	(368)	(368)
Disposals	–	224	224
At 31 December 2014	–	(3,352)	(3,352)
Net book value			
At 31 December 2014	**732**	**833**	**1,565**
At 1 January 2014	732	861	1,593

Group	Goodwill £000	Computer software £000	Total £000
Cost			
At 1 January 2013	732	3,685	4,417
Additions	–	314	314
Brought into use (refer Note 13)	–	70	70
At 31 December 2013	732	4,069	4,801
Amortisation			
At 1 January 2013	–	(2,801)	(2,801)
Charge for year	–	(407)	(407)
At 31 December 2013	–	(3,208)	(3,208)
Net book value			
At 31 December 2013	**732**	**861**	**1,593**
At 1 January 2013	732	884	1,616

The Company had no intangible assets in either year.

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operations which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in Note 5.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	31 December 2014 £000	31 December 2013 £000
Agency	732	732

The carrying value of the £732,000 purchased goodwill in Agency, arising pre-transition to IFRS, is reviewed annually for impairment. Due to its low level of significance the disclosures as required by IAS 36 Impairment of Assets have not been made.

15 Investments

The subsidiaries of the Group as at 31 December 2014 are as follows:

Company	Nature of business	Country of incorporation	Holding	Class of shares
Rightmove Group Limited	Online property advertising	England and Wales	100%	Ordinary
Rightmove.co.uk Limited	Dormant	England and Wales	100%	Ordinary
Rightmove Home Information Packs Limited	Dormant	England and Wales	100%	Ordinary

All the above subsidiaries are included in the Group consolidated financial statements.

15 Investments continued

Company	31 December 2014 £000	31 December 2013 £000
Investment in subsidiary undertakings		
At 1 January	541,720	540,928
Additions – subsidiary share-based payments charge (refer Note 24)	1,084	792
At 31 December	**542,804**	541,720

In 2008, the Company became the holding company of Rightmove Group Limited (formerly Rightmove plc, Company no. 3997679) and its subsidiaries pursuant to a Scheme of Arrangement under s425 of the Companies Act 1985 by way of a share-for-share exchange. Following the Scheme of Arrangement, the Company underwent a court-approved capital reduction. The consolidated assets and liabilities of the Group immediately after the Scheme were substantially the same as the consolidated assets and liabilities of the Group immediately prior to the Scheme.

Following the capital reconstruction in 2008 all employees' share-based incentives were transferred to the new holding company, Rightmove plc. In addition certain directors' contracts of employment were transferred from Rightmove Group Limited to Rightmove plc, whilst all other employees remained employed by Rightmove Group Limited. Accordingly the share-based payments charge has been split between the Company and Rightmove Group Limited with £1,084,000 (2013: £792,000) being recognised in the Company accounts as a capital contribution to its subsidiary.

16 Deferred tax assets

Deferred tax assets are attributable to the following:

	Assets	
Group	31 December 2014 £000	31 December 2013 £000
Share-based incentives	4,224	5,338
Property, plant and equipment	197	213
Provisions	82	84
Deferred tax assets	4,503	5,635

The decrease in the deferred tax asset relating to share-based incentives at 31 December 2014 is due to the reduction in the Company's year end share price from £27.40 to £22.48 and the exercise of share-based incentives, partly offset by the impact of new share awards in the year.

	Assets	
Company	31 December 2014 £000	31 December 2013 £000
Share-based incentives being deferred tax assets	2,667	3,357

The decrease in the deferred tax asset is due to the reduction in the Company's year end share price from £27.40 to £22.48 and the exercise of share-based incentives, partly offset by the impact of new share awards in the year.

Movement in deferred tax during the year:

Group	1 January 2014 £000	Recognised in income £000	Recognised directly in equity £000	31 December 2014 £000
Share-based incentives	5,338	237	(1,351)	4,224
Property, plant and equipment	213	(16)	–	197
Provisions	84	(2)	–	82
	5,635	**219**	**(1,351)**	**4,503**

Company	1 January 2014 £000	Recognised in income £000	Recognised directly in equity £000	31 December 2014 £000
Share-based incentives	**3,357**	**(690)**	**–**	**2,667**

The deferred tax asset at 31 December 2014 has been calculated at the rate of 20% substantively enacted at the balance sheet date.

Movement in deferred tax during the prior year:

Group	1 January 2013 £000	Recognised in income £000	Recognised directly in equity £000	31 December 2013 £000
Share-based incentives	9,347	(309)	(3,700)	5,338
Property, plant and equipment	227	(14)	–	213
Provisions	93	(9)	–	84
	9,667	(332)	(3,700)	5,635

The deferred tax asset arising on equity settled share-based incentives in both years was recognised in profit or loss to the extent that the related equity settled share-based incentives charge was recognised in profit or loss.

Company	1 January 2013 £000	Recognised in income £000	Recognised directly in equity £000	31 December 2013 £000
Share-based incentives	7,692	(224)	(4,111)	3,357

17 Trade and other receivables

Group	31 December 2014 £000	31 December 2013 £000
Trade receivables	22,291	19,582
Less provision for impairment of trade receivables	(490)	(436)
Net trade receivables	21,801	19,146
Prepayments	2,231	1,743
Amounts held in Escrow	–	1,680
Accrued income	171	139
Interest receivable	30	41
Other debtors	65	89
	24,298	22,838

Amounts held in Escrow related to the completion proceeds and contingent consideration on the sale on 21 June 2010 of the Group's 66.7% shareholding in Holiday Lettings Holdings Limited which owned 100% of the shares in the trading entity Holiday Lettings Limited. These amounts were received in full during the year and comprised completion proceeds of £1,667,000 and accrued interest of £16,000.

Exposure to credit and currency risks and impairment losses relating to trade and other receivables are disclosed in Note 28.

The Company has no trade and other receivables in either year.

18 Cash and cash equivalents

Group	31 December 2014 £000	31 December 2013 £000
Bank accounts	11,205	6,799

Cash balances were held in current accounts during the year and attracted interest at a weighted average rate of 0.6% (2013: 0.7%).

The Company had cash and cash equivalent balances at 31 December 2014 of £180 (2013: £208).

19 Trade and other payables

	Group		Company	
	31 December 2014 £000	31 December 2013 £000	31 December 2014 £000	31 December 2013 £000
Trade payables	461	685	–	–
Trade accruals	5,163	5,704	3,126	3,768
Other creditors	304	369	–	–
Other taxation and social security	6,983	5,961	–	–
Deferred revenue	14,649	12,274	–	–
Inter-group payables	–	–	46,997	21,031
	27,560	24,993	50,123	24,799

Exposure to currency and liquidity risk relating to trade and other payables is disclosed in Note 28.

The Company movement in trade and other payables during the year is reconciled as follows:

	31 December 2014 £000	31 December 2013 £000
Trade payables at 1 January	**24,799**	21,181
Inter-group dividend settled via reduction in inter-group loan balance	**(80,228)**	(77,640)
Group relief settled via reduction in inter-group loan balance	**(973)**	(11,565)
Inter-group interest (refer Note 27)	**536**	517
Stamp duty on share buybacks accrued to equity	**45**	37
Movement in working capital in statement of cash flows	**105,944**	92,269
	50,123	24,799

20 Loans and borrowings

The Group entered into a 12 month agreement with HSBC for a £10,000,000 committed revolving loan facility on 10 February 2014. This agreement has been extended for a further 12 months and will expire on 9 February 2016. To date no amount has been drawn under this facility.

The Company had no loans and borrowings in either year.

21 Provisions

The Group booked a provision for lease dilapidations of £36,000 during the year (2013: £35,000) bringing the lease dilapidations provision to £200,000 (2013: £164,000). The provision is charged throughout the life of the lease and is based on an estimated cost to make good per square foot multiplied by the floor area of each premise.

The Company had no provisions in either year.

22 Share capital

	Ordinary shares of £0.01 each	
	31 December 2014 Number of shares	31 December 2013 Number of shares
In issue		
At 1 January	**103,115,735**	105,896,115
Purchase and cancellation of own shares	**(3,122,418)**	(2,780,380)
At 31 December	**99,993,317**	103,115,735
Authorised – par value £0.01 each	**300,000,000**	300,000,000

During 2014, 3,122,418 (2013: 2,780,380) ordinary shares were bought back by the Company and were subsequently cancelled. Further details are disclosed in Note 23.

All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at general meetings of the Company.

Included within shares in issue at 31 December 2014 are 596,499 ordinary shares (2013: 740,324) held by the EBT and 2,505,430 (2013: 2,505,430) held in treasury.

23 Reconciliation of movement in capital and reserves

Group	Share capital £000	EBT shares reserve £000	Treasury shares £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2013	1,059	(7,911)	(11,917)	235	138	25,909	7,513
Profit for the year	–	–	–	–	–	74,335	74,335
Share-based payments	–	–	–	–	–	2,408	2,408
Tax credit in respect of share-based incentives recognised directly in equity	–	–	–	–	–	7,006	7,006
Dividends to shareholders	–	–	–	–	–	(25,126)	(25,126)
Exercise of share-based incentives	–	5,493	–	–	–	(1,753)	3,740
Cancellation of own shares	(28)	–	–	28	–	(60,537)	(60,537)
Share related expenses	–	–	–	–	–	(424)	(424)
At 31 December 2013	1,031	(2,418)	(11,917)	263	138	21,818	8,915
At 1 January 2014	**1,031**	**(2,418)**	**(11,917)**	**263**	**138**	**21,818**	**8,915**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**96,181**	**96,181**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**2,728**	**2,728**
Tax debit in respect of share-based incentives recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**(816)**	**(816)**
Dividends to shareholders	**–**	**–**	**–**	**–**	**–**	**(29,490)**	**(29,490)**
Exercise of share-based incentives	**–**	**375**	**–**	**–**	**–**	**(198)**	**177**
Purchase of shares for share incentive plan	**–**	**(863)**	**–**	**–**	**–**	**–**	**(863)**
Cancellation of own shares	**(31)**	**–**	**–**	**31**	**–**	**(73,867)**	**(73,867)**
Share related expenses	**–**	**–**	**–**	**–**	**–**	**(517)**	**(517)**
At 31 December 2014	**1,000**	**(2,906)**	**(11,917)**	**294**	**138**	**15,839**	**2,448**

Share buyback

In June 2007, the Company commenced a share buyback programme to purchase its own ordinary shares. The total number of shares bought back in 2014 was 3,122,418 (2013: 2,780,380) representing 3.1% (2013: 2.7%) of the ordinary shares in issue (excluding shares held in treasury). All of the shares bought back in both years were cancelled. The shares were acquired on the open market at a total consideration (excluding costs) of £73,867,000 (2013: £60,537,000). The maximum and minimum prices paid were £27.88 (2013: £26.50) and £19.38 (2013: £14.49) per share respectively.

EBT shares reserve

This reserve represents the carrying value of own shares held by the EBT. 185,187 (2013: 2,971,962) share-based incentives were exercised by Group employees during the year at an average price of £1.71 (2013: £3.39) per ordinary share. An additional 2,851 shares were issued as a result of rolled up dividend payments in relation to performance shares.

In November 2014, the Group established the Rightmove Share Incentive Plan (SIP). Employees were offered 100 shares as a one-off gift, subject to a three year service period, with effect from 1 January 2015. The EBT purchased 38,300 shares in December 2014 to fund the share requirements of the SIP.

At 31 December 2014 the EBT held 596,499 (2013: 740,324) ordinary shares in the Company of £0.01 each, representing 0.6% (2013: 0.7%) of the ordinary shares in issue (excluding shares held in treasury). The market value of the shares held in the EBT at 31 December 2014 was £13,409,000 (2013: £20,285,000).

	Year ended 31 December 2014 Number of shares	Year ended 31 December 2013 Number of shares
Shares held in EBT at 1 January	**740,324**	3,404,029
Shares purchased for SIP	**38,300**	–
Share-based incentives exercised in year	**(185,187)**	(2,971,962)
Reduction in shares released from EBT due to net settlement (refer Note 24)	**5,913**	308,257
Increase in shares released from EBT due to rolled up dividend payments	**(2,851)**	–
Shares held in EBT at 31 December	**596,499**	740,324

Treasury shares

This represents the cost of acquiring 2,505,430 shares held in treasury. These shares were bought back in 2008 at an average price of £4.76 and may be used to satisfy certain share-based incentive awards.

Other reserves

This represents the Capital Redemption Reserve in respect of own shares brought back and cancelled. The movement of £31,000 (2013: £28,000) is the nominal value of ordinary shares cancelled during the year

Retained earnings

The loss on the exercise of share-based incentives is the difference between the value that the shares held by the EBT were originally acquired at and the price at which share-based incentives were exercised during the year.

Company	Share capital £000	Treasury shares £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2013	1,059	(11,917)	4,153	103,520	430,624	527,439
Profit for the year	–	–	–	–	71,015	71,015
Dividends to shareholders	–	–	–	–	(25,126)	(25,126)
Share-based payments	–	–	–	–	1,616	1,616
Tax credit in respect of share-based incentives recognised directly in equity	–	–	–	–	5,503	5,503
Capital contribution	–	–	792	–	–	792
Cancellation of own shares	(28)	–	28	–	(60,537)	(60,537)
Share related expenses	–	–	–	–	(424)	(424)
At 31 December 2013	1,031	(11,917)	4,973	103,520	422,671	520,278
At 1 January 2014	**1,031**	**(11,917)**	**4,973**	**103,520**	**422,671**	**520,278**
Profit for the year	**–**	**–**	**–**	**–**	**76,732**	**76,732**
Dividends to shareholders	**–**	**–**	**–**	**–**	**(29,490)**	**(29,490)**
Share-based payments	**–**	**–**	**–**	**–**	**1,644**	**1,644**
Tax debit in respect of share-based incentives recognised directly in equity	**–**	**–**	**–**	**–**	**(516)**	**(516)**
Capital contribution	**–**	**–**	**1,084**	**–**	**–**	**1,084**
Cancellation of own shares	**(31)**	**–**	**31**	**–**	**(73,867)**	**(73,867)**
Share related expenses	**–**	**–**	**–**	**–**	**(517)**	**(517)**
At 31 December 2014	**1,000**	**(11,917)**	**6,088**	**103,520**	**396,657**	**495,348**

23 Reconciliation of movement in capital and reserves continued

Treasury shares
This represents the cost of acquiring 2,505,430 shares held in treasury. These shares were bought back in 2008 at an average price of £4.76 and may be used to satisfy certain share-based incentive awards.

Reverse acquisition reserve
This reserve resulted from the acquisition of Rightmove Group Limited by the Company and represents the difference between the value of the shares acquired at 28 January 2008 and the nominal value of the shares issued.

Other reserves
Awards relating to share-based incentives made to Rightmove Group Limited employees have been treated as a deemed capital contribution. The principal movement in other reserves for the year comprises £1,084,000 (2013: £792,000) in respect of the share-based incentives charge for employees of Rightmove Group Limited. In addition other reserves include £294,000 (2013: £263,000) of Capital Redemption Reserve. A movement of £31,000 (2013: £28,000) has been recorded in relation to the nominal value of ordinary shares cancelled during the year.

24 Share-based payments

The Group and Company operate share-based incentive schemes for executive directors and other selected senior management employees. Since flotation, the Company has awarded share options under the Rightmove Unapproved Executive Share Option Plan (Unapproved Plan) and the Rightmove Approved Executive Share Option Plan (Approved Plan). The Group also operates a Savings Related Share Option Scheme (Sharesave Plan), a Deferred Share Bonus Plan (DSP) and in May 2011 the Rightmove Performance Share Plan (PSP) was introduced.

All share-based incentives are subject to a service condition. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. The estimate of the fair value of the share-based incentives is measured using either the Monte Carlo or Black Scholes pricing model as is most appropriate for each scheme.

During 2013 the Group amended the rules of the Unapproved Plan to enable such awards to be net settled whereby the number of shares released by the EBT and sold to satisfy the award is equivalent to the gain due to the option holder. Consequently no proceeds are received by the EBT on exercise of unapproved share options.

The total share-based payments charge for the year relating to all share-based incentive plans was £2,728,000 (2013: £2,408,000).

A 2% reduction or increase in the employee leaver assumption (excluding executive directors) for the DSP and the PSP would have increased/decreased the share-based payments charge in the year by £23,000 (2013: £40,000).

The Company charge for the year was £1,644,000 (2013: £1,616,000).

NI is being accrued, where applicable, at a rate of 13.8%, which management expects to be the prevailing rate when the awards are exercised, based on the share price at the reporting date. NI for the year ended 31 December 2014 relating to all awards was a credit of £194,000 compared to a charge of £4,538,000 in the prior year, due to a reduction in the share price from £27.40 at 31 December 2013 to £22.48 at 31 December 2014.

The total Company NI for the year was a credit of £301,000 and a charge of £4,043,000 in the prior year.

Approved and Unapproved Plans

There has been no award of share options since 5 March 2010.

The assumptions used in the measurement of the fair values at grant date of the Approved and Unapproved Plans are as follows:

Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility (%)	Option life (years)	Risk free rate (%)	Dividend yield (%)	Employee turnover before vesting/ non-vesting condition (%)	Fair value per option (pence)
14 March 2006 (Approved)	413.50	410.00	27.0	7.0	4.5	4.0	16.0	92.00
10 October 2007 (Unapproved EPS dependent)[1]	525.00	522.00	32.0	6.8	5.8	2.0	17.0	189.00
5 March 2009 (Unapproved TSR dependent)[1]	226.75	224.00	50.3	6.5	2.6	4.4	12.0	69.00
5 March 2010 (Unapproved TSR dependent)[1]	677.00	666.00	49.0	6.5	3.2	1.5	12.0	267.00
5 March 2010 (Unapproved EPS dependent)[1]	677.00	666.00	49.0	6.5	3.2	1.5	12.0	312.00

(1) For details of TSR and EPS performance conditions refer to the Directors' Remuneration Report on pages 41 to 66.

Expected volatility is estimated by considering historic average share price volatility at the grant date.

Group and Company	2014 Number	2014 Weighted average exercise price (pence)	2013 Number	2013 Weighted average exercise price (pence)
Outstanding at 1 January	684,040	378.56	3,469,875	357.83
Exercised	(20,909)	666.00	(2,785,835)	352.74
Outstanding at 31 December	**663,131**	**369.53**	684,040	378.56
Exercisable at 31 December	**663,131**	**369.53**	684,040	378.56

The weighted average market value per ordinary share for options exercised in 2014 was £23.73 (2013: £19.97).

The options outstanding at 31 December 2014 have an exercise price in the range of £2.24 to £6.66 in both years and a weighted average contractual life of 4.3 years (2013: 5.3 years).

The share-based payments charge for approved and unapproved executive share options for the year ended 31 December 2014 is £nil (2013: £91,000).

The Company charge for the year was £nil (2013: £49,000).

24 Share-based payments continued

Sharesave Plan

The Group operates an HMRC Approved Sharesave Plan under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at invitation, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. These funds are used to fund the option exercise. No performance criteria are applied to the exercise of Sharesave options. The assumptions used in the measurement of the fair value at grant date of the Sharesave Plan are as follows:

Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility (%)	Option life (years)	Risk free rate (%)	Dividend yield (%)	Employee turnover before vesting/ non-vesting condition (%)	Fair value per option (pence)
3 October 2011	1200.00	988.00	42.9	3.3	2.8	1.3	25.0	446.00
1 October 2012	1577.00	1295.00	34.8	3.3	0.5	1.3	25.0	475.00
1 October 2013	2371.00	1896.00	27.3	3.3	0.7	1.1	25.0	659.00
1 October 2014	2144.00	1972.00	25.3	3.3	1.0	1.4	25.0	430.00

Expected volatility is estimated by considering historic average share price volatility at the grant date.

The requirement that an employee has to save in order to purchase shares under the Sharesave Plan is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black Scholes pricing model. The discount has been determined by estimating the probability that the employee will stop saving based on expected future trends in the share price and past employee behaviour.

Group and Company	2014 Number	2014 Weighted average exercise price (pence)	2013 Number	2013 Weighted average exercise price (pence)
Outstanding at 1 January	**97,620**	**1446.19**	118,229	884.47
Granted	**51,929**	**1972.00**	38,643	1896.00
Forfeited	**(15,124)**	**1633.11**	(12,327)	1041.95
Exercised	**(18,393)**	**963.46**	(46,925)	506.64
Outstanding at 31 December	**116,032**	**1733.49**	97,620	1446.19
Exercisable at 31 December	**5,131**	**988.00**	1,300	553.00

The weighted average market value per ordinary share for Sharesave options exercised in 2014 was £21.77 (2013: £23.34).

The Sharesave options outstanding at 31 December 2014 have an exercise price in the range of £9.98 to £19.72 (2013: £5.53 to £18.96) and a weighted average contractual life of 2.3 years (2013: 2.4 years).

The share-based payments charge for Sharesave options for the year ended 31 December 2014 is £148,000 (2013: £121,000).

The Company charge for the year was £3,000 (2013: £2,000).

Performance Share Plan (PSP)

The PSP permits awards of nil cost options or contingent shares which will only vest in the event of prior satisfaction of a performance condition.

140,618 PSP awards were made on 3 March 2014 (the Grant Date) subject to EPS and TSR performance. Performance will be measured over three financial years (1 January 2014 – 31 December 2016). The vesting in March 2017 (Vesting Date) of 25% of the 2014 PSP award will be dependent on a relative TSR performance condition measured over a three year performance period and the vesting of the 75% of the 2014 PSP award will be dependent on the satisfaction of an EPS growth target measured over a three year performance period. PSP award holders are entitled to receive dividends accruing between the Grant Date and the Vesting Date and this value will be delivered in shares.

The PSP awards have been valued using the Monte Carlo model for the TSR element and the Black Scholes model for the EPS element and the resulting share-based payments charge is being spread evenly over the period between the Grant Date and the Vesting Date.

Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility (%)	Option life (years)	Risk free rate (%)	Dividend yield (%)	Employee turnover before vesting/ non-vesting condition (%)	Fair value per option (pence)
4 May 2011 (TSR dependent)(1)	1039.00	nil	42.9	2.8	1.4	0.0	3.1	739.00
4 May 2011 (EPS dependent)(1)	1039.00	nil	n/a	2.8	1.4	0.0	3.1	1039.00
2 March 2012 (TSR dependent)(1)(2)	1391.00	nil	34.8	3.0	0.5	0.0	3.7	708.00
2 March 2012 (EPS dependent)(1)	1391.00	nil	n/a	3.0	0.5	0.0	3.7	1391.00
8 March 2013 (TSR dependent)(1)	1781.00	nil	27.3	3.0	0.4	0.0	4.8	1003.00
8 March 2013 (EPS dependent)(1)	1781.00	nil	n/a	3.0	0.4	0.0	4.8	1781.00
3 March 2014 (TSR dependent)(1)	2688.00	nil	25.3	3.0	1.0	0.0	4.8	1219.00
3 March 2014 (EPS dependent)(1)	2688.00	nil	n/a	3.0	1.0	0.0	4.8	2688.00

(1) For details of TSR and EPS performance conditions refer to the Directors' Remuneration Report on pages 41 to 66.

(2) The TSR performance condition for PSPs with a grant date of 2 March 2012 was determined to be 17.35% out of the maximum 25% for the TSR element of share awards. The EPS element, being a maximum of 75% of the share awards, was met in full as a result of delivering normalised EPS growth of over 100%. 92.35% of the awards are expected to vest. This will result in 9,145 shares lapsing in March 2015.

Expected volatility is estimated by considering historic average share price volatility at the Grant Date.

Group and Company	2014 Number	2014 Weighted average exercise price (pence)	2013 Number	2013 Weighted average exercise price (pence)
Outstanding at 1 January	**391,057**	**–**	288,424	–
Granted	**140,618**	**–**	119,065	–
Forfeited	**(18,924)**	**–**	(16,432)	–
Exercised	**(74,386)**	**–**	–	–
Outstanding at 31 December	**438,365**	**–**	391,057	–
Exercisable at 31 December	**84,408**	**–**	–	–

The weighted average market value per ordinary share for options exercised in 2014 was £23.50.

The PSP awards outstanding at 31 December 2014 have a weighted average contractual life of 2.9 years (2013: 3.1 years).

The share-based payments charge for the year ended 31 December 2014 is £1,903,000 (2013: £1,471,000).

The Company charge for the year was £1,224,000 (2013: £1,054,000).

Deferred Share Bonus Plan (DSP)

In March 2009 a DSP was established which allows executive directors and other selected senior management the opportunity to earn a bonus determined as a percentage of base salary settled in nil cost deferred shares. The award of shares under the plan is contingent on the satisfaction of pre-set internal targets relating to underlying drivers of long-term revenue growth (the Performance Period). The right to the shares is deferred for two years from the date of the award (the Vesting Period) and potentially forfeitable during that period should the employee leave employment. The deferred share awards have been valued using the Black Scholes model and the resulting share-based payments charge is being spread evenly over the combined Performance Period and Vesting Period of the shares, being three years.

24 Share-based payments continued

The assumptions used in the measurement of the fair value of the deferred share awards are calculated at the date on which the potential DSP bonus is communicated to senior management (the Grant Date) as follows:

Grant date	Award date	Share price at grant date (pence)	Exercise price (pence)	Expected term (years)	Risk free rate (%)	Dividend yield (%)	Employee turnover before vesting/ non-vesting condition (%)	Fair value per share (pence)
4 March 2011	2 March 2012(1)	1039.00	nil	2.8	1.4	1.4	3.4	1000.00
2 March 2012	8 March 2013(2)	1391.00	nil	3.0	0.5	1.3	4.1	1338.00
8 March 2013	3 March 2014(3)	1781.00	nil	3.0	0.4	1.4	5.3	1708.00
3 March 2014	–(4)	2688.00	nil	3.0	1.0	1.0	5.6	2605.00

(1) Following the achievement of the 2011 internal performance targets, 76,048 nil cost deferred shares were awarded to executives and senior management on 2 March 2012 (the Award Date) with the right to the release of the shares deferred until March 2014.

(2) Following the achievement of 90% of the 2012 internal performance targets, 63,331 nil cost deferred shares were awarded to executives and senior management on 8 March 2013 (the Award Date) with the right to the release of the shares deferred until March 2015.

(3) Following the achievement of 85% of the 2013 internal performance targets, 34,878 nil cost deferred shares were awarded to executives and senior management on 3 March 2014 (the Award Date) with the right to the release of the shares deferred until March 2016.

(4) Based on the 2014 internal performance targets, the Remuneration Committee determined that 70% of the maximum award in respect of the year will be made in March 2015. The number of shares to be awarded will be determined based on the share price at the Award Date in March 2015.

Group and Company	2014 Number	2014 Weighted average exercise price (pence)	2013 Number	2013 Weighted average exercise price (pence)
Outstanding at 1 January	**133,933**	**–**	217,652	–
Awarded	**34,878**	**–**	63,331	–
Forfeited	**(6,403)**	**–**	(7,848)	–
Exercised	**(71,499)**	**–**	(139,202)	–
Outstanding at 31 December	**90,909**	**–**	133,933	–
Exercisable at 31 December	**2,435**	**–**	–	–

The weighted average market value per ordinary share for deferred shares exercised in 2014 was £23.43 (2013: £20.44).

The DSP awards outstanding at 31 December 2014 have a weighted average contractual life of 2.1 years (2013: 2.1 years).

The share-based payments charge for the year ended 31 December 2014 is £677,000 (2013: £725,000).

The Company charge for the year was £417,000 (2013: £511,000).

25 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

Group	31 December 2014 Plant & machinery £000	Land & buildings £000	Total £000	31 December 2013 Plant & machinery £000	Land & buildings £000	Total £000
Less than one year	339	949	1,288	248	949	1,197
Between one and five years	308	2,026	2,334	179	2,682	2,861
More than five years	–	589	589	–	882	882
	647	3,564	4,211	427	4,513	4,940

The Company had no operating lease commitments in either year.

26 Capital commitments

The Group and Company had no capital commitments in either year.

27 Related party disclosures

Inter-group transactions with subsidiaries

During the year the Company was charged interest of £536,000 (2013: £517,000) by Rightmove Group Limited in respect of balances owing under the inter-group loan agreement dated 30 January 2008.

As at 31 December 2014 the balance owing under this agreement was £46,983,000 (2013: £21,031,000) including capitalised interest (refer Note 19).

On 31 October 2014 Rightmove Group Limited declared an interim dividend of 62p per ordinary share to the Company. The dividend of £80,228,000 (2013: £77,640,000) was settled via a reduction in the inter-group loan balance owed by Rightmove plc to Rightmove Group Limited.

Directors' transactions

There were no transactions with directors in either year other than those disclosed in the Directors' Remuneration Report. Information on the emoluments of the directors, who served during the year, together with information regarding the beneficial interest of the directors in the ordinary shares of the Company is included in the Directors' Remuneration Report on pages 41 to 66.

During the year the directors and former directors in office in total had gains of £858,000 (2013: £13,539,000) arising on the exercise of share-based incentive awards.

Key management personnel

No other Rightmove employees are considered to meet the definition of key management personnel other than those disclosed in the Directors' Remuneration Report on pages 41 to 66.

28 Financial instruments

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Group	Note	31 December 2014 £000	31 December 2013 £000
Net trade receivables	17	21,801	19,146
Amounts held in Escrow	17	–	1,680
Accrued interest receivable	17	30	41
Other debtors	17	65	89
Cash and cash equivalents	18	11,205	6,799
		33,101	27,755

The Company had no exposure to credit risk in either year.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Group	Note	31 December 2014 £000	31 December 2013 £000
UK		21,594	19,007
Rest of the world		207	139
	17	21,801	19,146

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Group	Note	31 December 2014 £000	31 December 2013 £000
Property advertisers		20,827	18,325
Other		974	821
	17	21,801	19,146

The Group's most significant customer accounts for £1,154,000 (2013: £1,574,000) of the trade receivables carrying amount.

Impairment losses

The ageing of trade receivables at the reporting date was:

	31 December 2014		31 December 2013	
Group	Gross £000	Impairment £000	Gross £000	Impairment £000
Not past due	14,362	(49)	12,663	(30)
Past due 0 – 30 days	4,776	(61)	3,607	(44)
Past due 30 – 60 days	2,371	(28)	2,710	(109)
Past due 60 – 90 days	425	(76)	429	(189)
Past due older	357	(276)	173	(64)
	22,291	(490)	19,582	(436)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Group	31 December 2014 £000	31 December 2013 £000
At 1 January	**436**	447
Charged during the year	**341**	235
Utilised during the year	**(287)**	(246)
At 31 December	**490**	436

The Group has identified specific balances for which it has provided an impairment allowance on a line by line basis across all ledgers, in both years. No general impairment allowance has been provided in either year.

The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

Liquidity risk

The following are the contractual maturities of undiscounted financial liabilities, including undiscounted estimated interest payments:

Group	Carrying amount £000	Contractual cash flows £000	6 months or less £000
At 31 December 2014			
Trade payables being non-derivative financial liabilities	**461**	**(461)**	**(461)**
Group			
At 31 December 2013			
Trade payables being non-derivative financial liabilities	685	(685)	(685)

The Company had no non-derivative financial liabilities in either year.

It is not expected that the cash flows included in the maturity analysis could occur earlier or at significantly different amounts and all payables are due within six months of the balance sheet date.

Currency risk

During 2014 all the Group's sales and more than 95.0% (2013: 95.0%) of the Group's purchases were Sterling denominated and accordingly it has no significant currency risk.

Interest rate risk

The Group and the Company have exposure to interest rate risk on their cash balances. As at 31 December 2014 the Group had total cash of £11,205,000 (2013: £6,799,000).

Fair values

The fair values of all financial instruments in both years are equal to the carrying values.

29 Contingent liabilities

The Group and the Company had no contingent liabilities in either year.

30 Subsequent events

There have been no subsequent events having a material impact on the financial statements between 31 December 2014 and the reporting date.

Advisers and shareholder information

Contacts

Chief Executive Officer:	Nick McKittrick
Chief Operating Officer:	Peter Brooks-Johnson
Finance Director:	Robyn Perriss
Company Secretary:	Jenny Warburton
Website:	www.rightmove.co.uk

Financial calendar 2015

2014 full year results	27 February 2015
Annual General Meeting	7 May 2015
Final dividend record date	8 May 2015
Final dividend payment	5 June 2015
Half year results	29 July 2015
Interim dividend	6 November 2015

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Financial adviser
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Joint brokers
UBS Limited
Numis Securities Limited

Auditor
KPMG LLP

Bankers
Barclays Bank Plc
HSBC Bank plc
Santander UK Plc

Solicitors
Slaughter and May
Pinsent Masons

Registrar
Capita Asset Services*

***Shareholder enquiries**
The Company's registrar is Capita Asset Services. They will be pleased to deal with any questions regarding your shareholding or dividends. Please notify them of your change of address or other personal information. Their address details are:

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

Capita Asset Services is a trading name of Capita Registrars Limited.

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Share portal: www.capitashareportal.com

Through the website of our registrar, Capita Asset Services, shareholders are able to manage their shareholding online and facilities include electronic communications, account enquiries, amendment of address and dividend mandate instructions.

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