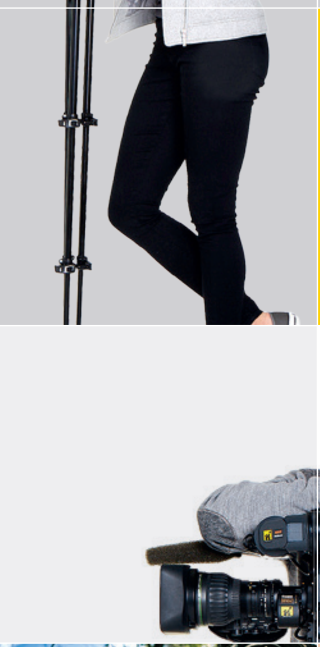
VITEC GROUP
Capture the moment™



The Vitec Group plc Annual Report & Accounts 2014

vitec

Inside this report

Strategic Report

Corporate Responsibility

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Directors' Report

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Where the story comes to life

The Vitec Group plc website
www.vitecgroup.com

Annual Report & Accounts online
www.vitecgroup.com/annual_report_2014

Cautionary statement: Statements made in the Strategic Report through to the end of the Directors' Report (pages 1 to 75) contain forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and sectors in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. Nothing in this Annual Report and Accounts should be construed as a profit forecast.

Highlights

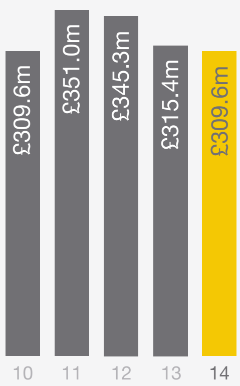
Key points

- Full year performance in line with the Board's expectations
- Revenue 3.3% higher and profit before tax* up 9.1% at constant exchange rates
- Operating margin* maintained at 12.5%
- Significant strategic progress with three value-adding acquisitions and exit from IMT
- Group now focused on Broadcast and Photographic Divisions
- Well positioned to benefit from any market upturn

Vitec Group - 2014 Financial highlights

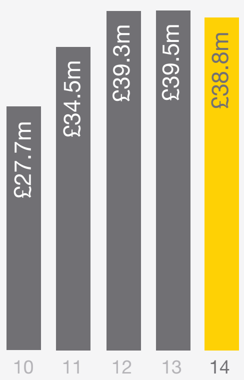
Revenue

£309.6m



Operating profit*

£38.8m

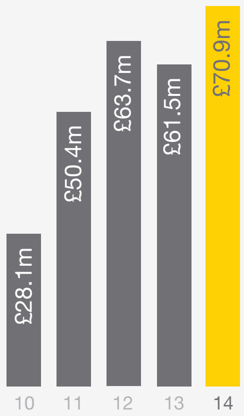


Adjusted basic earnings per share*

55.9p

Net debt

£70.9m



Broadcast Division**

Revenue	£171.1m	Up 6.3%
Operating profit*	£21.2m	Up 9.3%
Operating margin*	12.4%	Up 30 bps

Photographic Division

Revenue	£130.9m	Down 7.3%
Operating profit*	£18.9m	Down 6.0%
Operating margin*	14.4%	Up 20 bps

* Before restructuring costs and charges associated with acquired businesses. Profit before tax and adjusted earnings per share are also before disposal of business. In 2010 before significant items.

** Excluding the IMT business that was disposed during 2014.

Chairman's Statement

Chairman John McDonough reports on a good performance

The Group has delivered a good performance in 2014. It is now focused on its core Broadcast and Photographic markets and is well positioned to benefit from any upturn in these markets.

Chairman's Statement
www.vitecgroup.com/chairman

Governance Report
Turn to page 38

Recommended final dividend per share
14.7 pence

Interim dividend per share
9.3 pence

Total dividend for 2014
24.0 pence
Up 4.3%

Performance and dividend

Vitec has delivered a good performance in 2014 and successfully executed its strategy of focusing on its core markets. It has made three value-adding acquisitions and continued to deliver strong margins. As a consequence of this performance and the Board's continuing confidence in our future, we recommend a final dividend of 14.7 pence per ordinary share (2013: 14.1 pence). The final dividend, subject to shareholder approval at the 2015 Annual General Meeting will be paid on Friday, 15 May 2015. This brings the total dividend for 2014 to 24.0 pence per share (2013: 23 pence).

Strategy and Board focus

A key area of focus for the Board in 2014 has been an in-depth review of the Group's strategy. As part of this we exited the IMT business in November 2014 to focus on our core Broadcast and Photographic end markets. We believe these markets present the best growth opportunities going forward. The Company's unique brands, product technology, first class manufacturing operations and marketing skills ensure that it is well placed to achieve its strategy of providing vital products and services that support the capture and sharing of exceptional images. Stephen Bird, our Group Chief Executive, gives further detail on our strategy in his report and the Board will continue to track progress and performance against the agreed strategic objectives.

Governance and tone from the top
In late 2013 we appointed Mark Rollins, Lorraine Rienecker and Christopher Humphrey as Non-Executive Directors of the Company. Their appointments have refreshed the Board bringing in new skills and widening our diversity. In the first half of 2014, we ensured that each of these newly appointed directors undertook a detailed induction to the Group involving visits to our principal operations in the US, Italy and the UK in addition to meeting with a wide number of our senior management team and people. To understand the Group in a wider context, each has also met with our key advisors.

I have also continued with visits during the year to several of our operations in Italy, the US and the UK, as well as meeting with several of our major shareholders to discuss the Company's performance, strategic direction and governance arrangements.

The culmination of the new directors' induction to the Group was the Board's visit in October 2014 to the Group's operations in Los Angeles involving visits to Teradek and Bexel, receiving market updates from senior management and seeing our products and services in operation on the set of "Hell's Kitchen". We will continue with the practice of the Board visiting our principal operations each year to ensure that we meet with a wide number of employees and receive first hand feedback on emerging technology and end markets.

One important aspect of visiting operations and meeting with our employees is setting the right "tone from the top" in terms of good corporate governance. Governance is not just a set of rules but also entails setting values and principles that resonate with all our employees and stakeholders. This includes a robust approach to health and safety, rigorous financial controls and ensuring that our employees have a common set of values and beliefs. This is best evidenced by our Code of Business Conduct that every employee has received and is available on our website. The Board will continue to develop the Company's governance arrangements and the Governance section of this Annual Report on pages 38 to 55 explains how we intend to do this.

As part of the Board's continuing evolution, Nigel Moore will be standing down as a Non-Executive Director, Chairman of the Audit Committee and Senior Independent Director at the close of the 2015 Annual General Meeting. Nigel has been an excellent Non-Executive Director of the Company for over ten years and on behalf of the Board and shareholders, I would like to thank him for his dedicated service and wise counsel. As part of our succession planning for the Board, we propose that Christopher Humphrey will succeed Nigel as Chairman of the Audit Committee. Christopher is a Chartered Management Accountant who is currently Chief Executive of Anite plc and has the required skills and relevant financial experience to chair the Audit Committee. We also propose that Mark Rollins will succeed Nigel as Senior Independent Director. Mark has extensive experience as a director of listed companies with a wide experience of shareholder matters during his most recent role as Chief Executive of Senior plc.

With these changes, the Board will comprise seven directors with a good balance of skills and diversity to meet the challenges of our end markets.

A further area of focus in 2014 for the Board was an externally facilitated and independent Board evaluation. The key conclusion is that your Board is an effective body with clear objectives and a transparent, down to earth style and behaviour. The Governance section of this Annual Report sets out the process and outputs of this external Board evaluation.

Annual General Meeting
Our Annual General Meeting ("AGM") will be on Tuesday, 12 May 2015 and the Notice of Meeting and explanatory notes accompanies this Annual Report and can be found on our website. All resolutions at the AGM will be conducted on a poll as we believe that this is more democratic, enabling the views of a wider number of shareholders to be taken into account by way of proxies being voted. All members of the Board will be attending the AGM and we look forward to the opportunity to meet with shareholders.

Our people
After a challenging year and delivery of a good financial performance for our shareholders, I would like to thank all of our people for their considerable contribution in 2014. The success of the Company is down to the continuing hard work, passion and dedication of our people in delivering our strategy despite challenging market conditions.

John McDonough CBE
Chairman

24 February 2015

Vitec Group Overview

Vitec is an international Group principally serving customers in the Broadcast and Photographic markets. Vitec is based on strong, well known, premium brands on which its customers worldwide rely.

Find out more
www.vitecgroup.com/about_us

What we do
Turn to page 6

World class products and services
Turn to page 7

Our business model
Turn to pages 10 and 11

The Vitec Group is organised into two Divisions:

Broadcast Division

The Broadcast Division designs, manufactures and distributes premium branded products for broadcasting, film and video production for broadcasters and independent content creators.

Find out more about our Broadcast Division
Turn to page 24

Photographic Division

The Photographic Division designs, manufactures and distributes premium branded equipment and provides dedicated solutions to professional and non-professional image takers.

Find out more about our Photographic Division
Turn to page 26

* National Geographic bags are manufactured and distributed under licence.

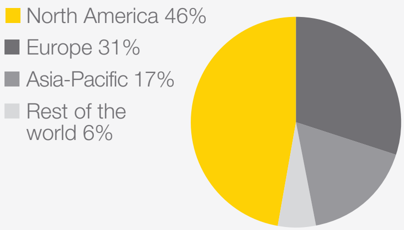
Find out more
www.vitecgroup.com/locations

Our operations

Our global footprint

- We manufacture and distribute our products and services from our facilities in 12 countries
- We employ around 1,900 people in our business
- Our products and services are sold in over 100 countries
- The three value-adding acquisitions we made during 2014 are highlighted below

Revenue by destination



Autocue

Our ongoing commitment to providing customers with a broader range of services and support has been reinforced with the acquisition of leading teleprompter provider Autocue.

SIS*

Following the integration of SIS into Camera Corps, Vitec now offers customers a range of specialist cameras that take the viewer straight into the heart of the action – from live, high profile events, through to Royal occasions and RAF Red Arrows aerial displays.

SmallHD

The addition of SmallHD to the Broadcast Division in December supplements our range of products targeted at broadcasters and the growing number of independent content creators.

* Vitec acquired the assets of the Speciality Camera Division of SIS Outside Broadcasts Limited, henceforth referred to as "SIS".

What We Do

Vitec's purpose is to support the capture and sharing of exceptional images in its chosen markets of Broadcast and Photographic. Our products encompass a variety of technologies and are carefully designed to ensure that, whatever the conditions, the image taker has the best equipment to "capture the moment".

These technologies range from traditional mechanical engineered products, for example in our manual camera supports businesses, through to electronics and software, for example in our wireless businesses. Nonetheless the user is the same – an image taker, whether a professional cameraman for a broadcaster or corporate event, an independent content creator or an enthusiast.

In the markets we serve, our brands are often market leaders both in terms of the premium product or service supplied and the share of the market our brands capture. Our products and services have enabled some of the most amazing moments to be captured and shared.

Our Operations Executive

The Operations Executive is responsible for leading the organisation. Together the team develops strategy, implements our business plans and ensures we run the Group effectively. It meets monthly to discuss the business and drive collaboration. The strength of this team derives from a diverse range of personal and functional skills and experience.

Stephen Bird
Group Chief Executive

Paul Hayes
Group Finance Director

Martin Green
Group Development and HR Director

Jon Bolton
Group Company Secretary

Matt Danilowicz
Broadcast Divisional Chief Executive

Marco Pezzana
Photographic Divisional Chief Executive

We design, manufacture and supply high quality, world class, branded products and services that enable end users to capture and share exceptional images.

Our products typically attach to or support a camera – primarily for broadcast, video and photographic applications.

We also provide high-end technical services to major broadcasters.

We are structured as one group; our products serve a variety of end users and are offered as a cohesive package.

View Vitec brands
www.vitecgroup.com/brands

Supports (pedestals, tripods and heads)

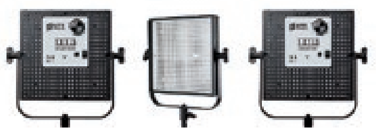
» Avenger
» Gitzo
» Manfrotto
» OConnor
» Sachtler
» Vinten

Camera accessories

» Manfrotto
» OConnor

Lighting & controls

» Colorama
» Lastolite
» Litepanels
» Manfrotto



Wireless systems

» Haigh-Farr
» Teradek

Mobile power

» Anton/Bauer

Prompters

» Autocue
» Autoscript

Robotic camera systems

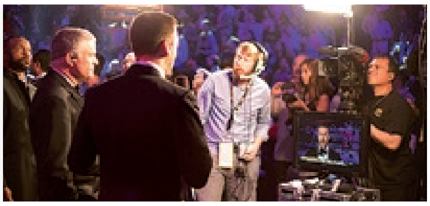
» Camera Corps
» Vinten Radamec

Monitors

» SmallHD

Distribution, rental & services

» Bexel
» Camera Corps
» The Camera Store



Bags

» Manfrotto
» National Geographic*

* National Geographic bags are manufactured and distributed under licence.

Group Chief Executive's Review

Group Chief Executive Stephen Bird reviews strategy and performance

Vitec has continued to deliver its strategy and has performed well in 2014. Following our exit from the IMT business we are now focused on our core Broadcast and Photographic markets and are well positioned to benefit from any upturn in our markets.

Group Chief Executive's Review
www.vitecgroup.com/ceo

Chosen markets
www.vitecgroup.com/chosen_markets

Continue to deliver our strategy

We delivered a good performance in 2014 and continued to successfully execute our strategy of focusing on our core markets supplemented with selective value-adding acquisitions.

Vitec's Broadcast and Photographic activities continue to present attractive long-term growth prospects for the Group. This growth is being driven by the increase in not only the capture but also the sharing of high quality images, and by the continued rapid evolution of new technologies. Vitec has leading brands and technologies in its markets and we are developing and launching new premium products and services, particularly for the growing number of independent content creators.

Our strategy is to grow our core business by leveraging our premium brands supported by product development and utilising our global reach. We believe that the Asia-Pacific region, which accounts for around 17% of our revenue, is an important growth market and there are good opportunities in this region. Products and services supporting major live events also present good growth opportunities for the Group, as demonstrated by the Sochi Winter Olympics and FIFA World Cup.

In our Broadcast market we have launched a number of innovative products including: the Teradek Bolt; new ranges of Anton/Bauer batteries; and the Q3 robotic camera from Camera Corps. The Teradek Bolt is a market leading wireless transmitter that sends high quality images up to 600 metres and is selling strongly. Anton/Bauer has launched a new range of Lithium-Ion batteries with the latest battery cell technology and enhanced features including an improved fuel computer display. The new Q3 from Camera Corps has an even smoother motion, enhanced zoom and choice of multiple HD formats.

We have integrated the management of our Services Division with our Videocom Division, and have renamed the combined business the Broadcast Division. We now report our product sales and services to the Broadcast market as one Division. Our service activities performed well in 2014, including the benefit from contracts to supply the Sochi Winter Olympics and FIFA World Cup. We are concentrating on driving sales while securing attractive pricing for our premium services, improving asset utilisation, and managing the cost base effectively.

Our Photographic Division also performed well. Against a challenging market background, it has continued to gain share in some key markets and has improved its operating margin* percentage despite lower revenue. New products launched towards the end of 2013 and through 2014 performed well and include upgraded professional tripod ranges and Manfrotto professional bags. More recently we have launched the Off-Road range of tripods and bags and these have received good initial feedback. We continue to grow sales through our owned distribution channels and make good progress with our online sales activities.

2014 performance overview

We have delivered a good performance in 2014 with revenue at constant exchange rates up 3.3% and profit before tax* 9.1% higher. As expected, foreign exchange rates have negatively impacted our reported revenue and profits. Following our exit from the loss-making IMT business we are focused on our core Broadcast and Photographic markets supplemented with selective value-adding acquisitions.

* Before restructuring costs and charges associated with acquired businesses. Profit before tax and adjusted earnings per share are also before disposal of business.
+ Free cash flow: cash generated from operating activities in the financial year after net capital expenditure, net interest and tax paid.

Our Broadcast Division performed well in a variable market including a strong performance from Teradek, acquired in the second half of 2013. We also benefited in 2014 from contracts to support the Sochi Winter Olympics and the FIFA World Cup. Our premium product and service offering was further strengthened through the acquisitions of SIS, Autocue and more recently SmallHD.

The Photographic Division has taken share in its key markets although we have seen a continuation of challenging conditions, particularly in the camera bags sector. Overall, we are pleased with the performance including the success of our new product launches.

We have continued to manage the Group's operating expenses* through tight cost control in addition to the year-on-year benefit from previous restructuring activities. As a result we have maintained the Group's operating margin* at 12.5% despite lower revenue.

Profit before tax* of £35.3 million was £0.3 million lower than prior year although 9.1% higher at constant exchange rates. The reported Group profit before tax of £20.1 million (2013: £20.4 million) was after: £2.7 million of restructuring costs (2013: £11.4 million); £8.5 million charges associated with acquired businesses (2013: £3.8 million); and a £4.0 million loss arising from the disposal of the IMT business.

Vitec continues to be a cash generative Group with free cash flow+ of £18.2 million (2013: £21.4 million) after £3.2 million of cash outflows on restructuring activities (2013: £7.9 million). The Group continues to have a strong balance sheet with net debt at 31 December 2014 at £70.9 million (31 December 2013: £61.5 million) and a net debt to EBITDA ratio for covenants of 1.2 times (31 December 2013: 1.1 times).

Product development

We continue to invest in new products and enhancements to our existing product ranges and I am pleased with the new products that we have launched this year. The level of product development collaboration across our Divisions has also remained strong in 2014, including products such as the new range of Anton/Bauer batteries. Further examples of our new products can be seen in the Divisional case studies on pages 25 to 27. We continue to invest around 4% of Group product sales into research, development and engineering.

Acquisitions and disposals

In addition to the disposal of IMT, as described earlier, we further strengthened the Group's premium product and service offerings through three acquisitions in the year:

- The speciality camera assets of SIS Outside Broadcasts Limited are renowned for the innovative solutions that deliver viewers to the heart of live events. This business has been successfully integrated into our Camera Corps business and has supported many sporting events including Test Cricket (with the Stump Cam), and in-boat footage at the Boat Race.
- Autocue is a long established and highly respected brand of teleprompting hardware and software which complements the Division's existing Autoscript business. We completed the acquisition in October and have integrated this business into the Group. We will continue to develop and support this well-known premium brand.
- Our most recent acquisition was SmallHD, which was acquired in December and is a leading provider of high-quality, high definition on-camera field monitors designed around the growing number of independent content creators. The business complements the Broadcast Division's existing video activities, including Teradek which serves a similar customer base.

We have a strong background in identifying, reviewing and executing on acquisitions and will continue to evaluate opportunities as and when they appear.

Market overview

An overview of our two markets is provided on the following pages.

Approval of Strategic Report

We have provided information in this report on our strategy, business model and objectives which is contained in the Strategic Report. You will find the Strategic Report on pages 1 to 39 and its content has been approved by the Board.

Outlook

We achieved significant strategic progress in 2014 and focused the Group on its core Broadcast and Photographic activities. Vitec is well positioned to benefit from any upturn in its markets. While some markets remain challenging, the Board remains confident about the prospects for the Group.

Stephen Bird
Group Chief Executive

24 February 2015

Market updates
Turn to page 14 to 17

Our Business Model

At the Group level

We create value by:

Strategy
We set Group and Divisional strategy in the medium term, especially with regards to markets served, customer segments and products supplied.

Budgeting and monitoring
Vitec sets Group and Divisional budgets annually and regularly reviews Group and Divisional performance during the year. This includes regular forecasts to ensure that the financial performance is clearly understandable and appropriate targets are set.

Investor relations
We communicate our strategy, performance, outlook and governance with our investors on a regular basis.

Treasury and tax
Vitec manages its financing, hedging and tax planning activities centrally to ensure that the Group has an appropriate structure and funding to support its geographically diverse business.

Acquisitions and disposals
We buy businesses that provide a good return with clear synergies such as extending our technological, product or geographic footprint. We dispose of those businesses that do not fit strategically or do not offer scope to deliver attractive returns.

Compliance and governance
Vitec ensures that an effective Group-wide governance framework and policies are in place to ensure a strong culture of governance and ethical behaviour.

Risk management
We set an overall framework for reviewing and assessing risk and taking mitigating actions as part of the execution of our strategy.

Health and safety
Vitec sets policies to ensure a healthy, safe and productive work environment for all our employees, and ensures they are complied with.

Talent management
We work across the Group to have consistent policies, processes and initiatives for acquiring, retaining and engaging our best talent.

At the Divisional level

We create value by:

Receiving feedback from customers
Our businesses continually obtain feedback on the markets, competitors and products from customers as well as from research. As our businesses are often the market leaders, this enables us to anticipate and respond to developments to ensure our brands remain renowned for their premium offerings.

Designing and developing innovative product and service offerings for our brands
We are at the forefront of embracing new technologies, products and materials that result in innovative high-quality yet cost-effective solutions. We develop innovative products and services that are protected by patents and trademarks and which are marketed under our world-renowned brands.

Sourcing and lean manufacturing
We procure materials from reputable suppliers and produce our products in efficient and environmentally friendly operations and, where appropriate, in lower cost countries such as Costa Rica and China. The majority of our operations are relatively low-volume, small-batch processes.

Working with global logistics providers
We have distributors and customers across the globe and we engage with a number of leading logistics partners to ensure responsive and timely delivery of our products to the relevant geography.

Having a global distribution and sales network to serve our customers
We market our products and services through our own sales and marketing teams. The majority of our sales are conducted via a global network of distributors, dealers and retailers who sell on to customers. We are expanding our e-commerce capabilities through working closely with our customers to develop our online presence. The breadth of products and our strong brand heritage means that our network of channel partners is unrivalled in the markets we serve.

We engage our employees through clear values

We create value by:

Product excellence
Everything we make and do is exceptional

Vitec products and services are exceptional because they are delivered by outstanding people. We set the highest standards of technical performance and aftercare, designing solutions that do precisely what image-makers need them to do. All our activities reflect our obsession with quality.

Customer focus
We are nothing without our customers

At Vitec, the focus is always on the customer, allowing us to support them no matter what changes and challenges they face. If we respect our customers' creative expertise, they will respect ours.

Creative solutions
We are constantly looking to break new ground

At Vitec we learn fast and are always looking for new ways to support our customers and meet their needs. To stay ahead of the game, our creativity has to be applied to every aspect of our business, not just our products. Our passion, flair and ability to ask "why not?" are at the heart of everything we do.

Collaboration
We work better when we work together

The closer we are to our colleagues and customer contacts, the more successful we will be. If we celebrate achievements, share knowledge, pool resources, test ideas and support each other, life will be more rewarding and more satisfying.

Integrity
What you see is what you get

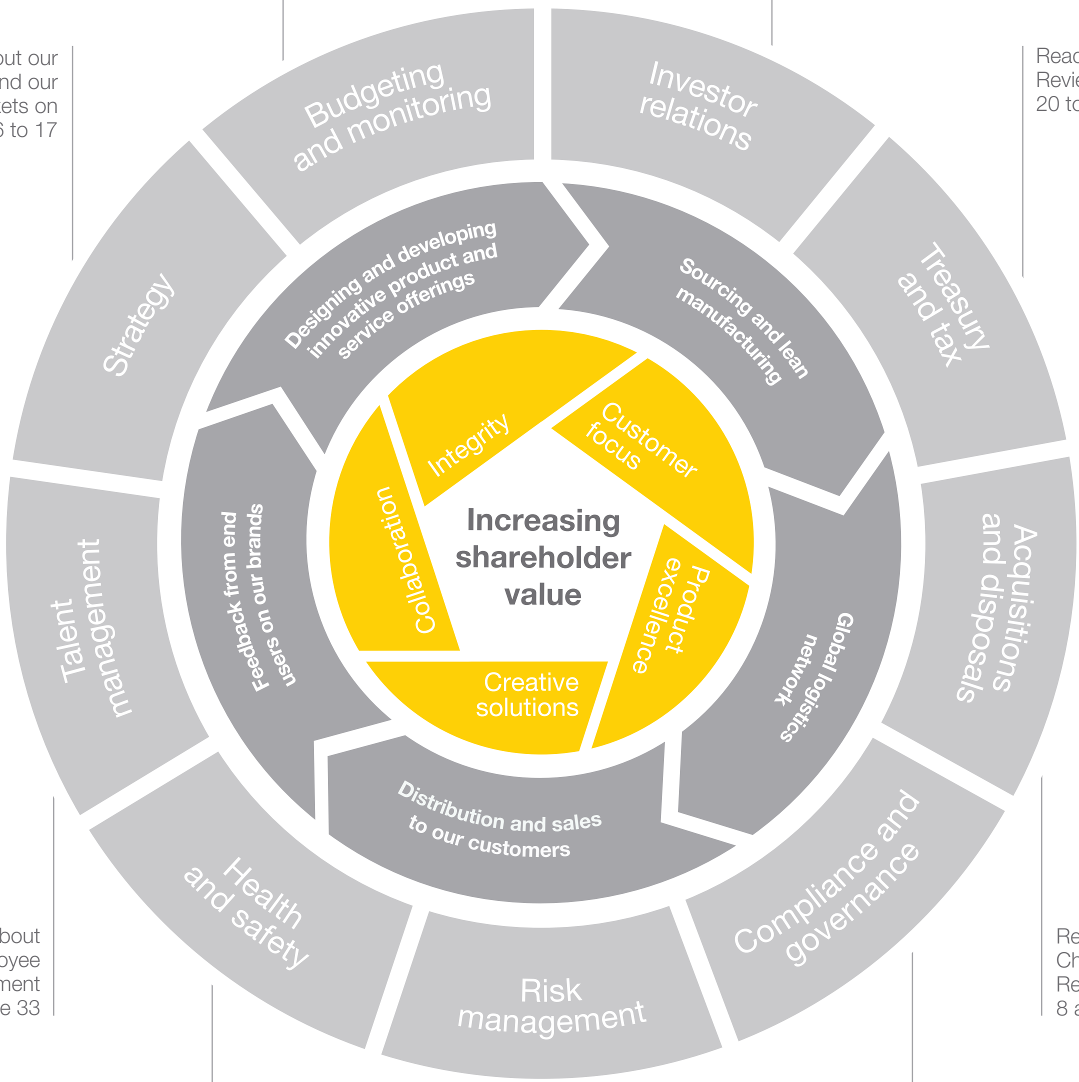
Commitment, fairness and honesty towards our customers, our suppliers and our own people. By being authentic we develop loyalty and trust between ourselves and all those we engage with.

Read the Financial Review on pages 20 to 23

Read about our engagement with shareholders on pages 50 and 51

Read about our strategy and our markets on pages 6 to 17

Read the Financial Review on pages 20 to 23



Read about employee engagement on page 33

Read the Group Chief Executive's Review on pages 8 and 9

Read about our Health and Safety policy, practice and statistics on pages 32 and 33

Read the Corporate Governance Report on pages 40 to 55

Read about our principal risks and their mitigations on pages 18 and 19

Vitec's strategy is to focus on two primary markets that offer good long-term growth potential:

Broadcast

We provide high quality, branded equipment for broadcasters, cinematographers and independent content creators.

Photographic

We provide a complete range of innovative branded accessories for professional photographers, photographic enthusiasts, social recorders and independent content creators.

Progress On Our Strategic Priorities

Strategic priority

Driving sales growth through innovation

Vitec has industry-leading product development teams. The Group continues to invest in developing premium innovative products for its customers, including:

- Teradek Bolt – transmits video wirelessly over 600 metres
- Anton/Bauer – a new range of portable power solutions (batteries and chargers) for broadcasters on location and for medical applications
- Q3 – our most powerful miniature robotic system from Camera Corps
- Manfrotto BeFree Travel Tripod – new compact and stylish tripod designed to be quick and easy to use
- Manfrotto – launch of an expanded photographic bag range to capitalise on the strength of the brand
- Gitzo Mountaineer tripod – "all-purpose" carbon tripod, both extremely rigid and light-weight
- Manfrotto Off Road – collection of products ideal for outdoor photography

Strategic priority

Growing sales in our core markets

Vitec has strong relationships with its customers and end users. The Group continues to develop products and provide services that meet its customers' needs, supplementing this with appropriate acquisitions. Key developments in the year include:

- Grew sales with a number of core customers and developing our e-commerce offering
- Expanded our product offering to independent content creators in the Broadcast market with the acquisitions of Autocue (a prompting business) and SmallHD (an on-camera monitor business)
- Strengthened our position in Broadcast sports applications with the purchase of the speciality camera assets of SIS Outside Broadcast
- Introduced a new version of the Manfrotto 190, one of our core product families for our core professional and advanced hobbyist users

Strategic priority

Delivering growth through geographical expansion

Vitec has a broad geographical spread with customers in excess of 100 countries. We are investing in growing our sales globally including the following initiatives:

- Strengthened our teams in the Asia-Pacific region in both our Broadcast and Photographic Divisions
- Continued to drive sales internationally through our global sales team and our offices based in China, Hong Kong, Japan and Singapore that accounts for £33.9 million of our global sales
- Worked with multi-national retail and broadcast customers to support them internationally
- Continued to design and develop products that meet specific customer requirements in these regions

Strategic priority

Delivering good margins

Vitec provides premium products and services, and we believe our margins should reflect this. Over the last few years we have progressively improved our operating margins*. During 2014 we have managed the cost base through good cost control and realising benefits from previous restructuring processes:

- Disposal of loss-making IMT business in November 2014
- Restructuring initiated in 2013 provided £10.2 million benefit to profitability during 2014, including the transfer of certain manufacturing to Costa Rica
- Commenced the full integration of our camera bags business into our other photographic activities

Strategic priority

Developing our talent

Our people are our most important asset and we aim to retain and recruit suitable talent to support the business. During 2014 Vitec:

- Conducted a series of mini conferences across the Group for over 600 of our employees
- More appointments of new talent to senior roles in key markets of US and Asia-Pacific
- Awarded internal promotions for high-potential employees both within and across Divisions
- Continued to encourage diversity within our business across all the countries we operate in

Strategic priority

Strong cash generation

Vitec generates strong levels of operating cash flow# to support the development of the business, maintain a good progressive dividend policy and fund appropriate acquisitions. Cash generation is a priority for the Group with senior management incentivised to manage Vitec's working capital effectively. During the year Vitec:

- Maintained a strong control over working capital while continuing to invest in the business to drive organic growth
- Retained good processes for tracking and managing working capital based on clearly defined metrics
- Used the cash generated to grow the business through target acquisitions while maintaining a strong balance sheet

* Before restructuring costs and charges associated with acquired businesses.

Cash generated from operating activities after net capital expenditure, before restructuring costs paid.

Key Performance Indicators

The Board and Operations Executive monitor a number of key performance indicators (KPIs), to measure our performance over time. Targets for most KPIs are set annually during our budgetary process and include our strategic priorities:

KPI measure	2014	2013	Definition/Calculation
Growing the business			
Constant currency revenue growth	**3.3%**	(9.8%)	% increase/(decrease) in revenue at constant exchange rates
Constant currency operating profit* growth	**7.4%**	(0.7%)	% increase/(decrease) in operating profit* at constant exchange rates
Return on sales	**12.5%**	12.5%	Operating profit* divided by revenue
Investing in product development	**4.1%**	3.8%	Total research, development and engineering costs before capitalisation and amortisation of development costs, divided by revenue from product sales
Delivering value to shareholders			
Basic earnings per share*	**55.9p**	56.1p	Profit after tax, before restructuring costs, charges associated with acquired businesses and disposal of business, divided by the weighted average number of shares in issue during the financial year
Total dividend per share	**24.0p**	23.0p	Sum of interim and final dividend per share in respect of the financial year
Managing cash generation			
Free cash flow	**£18.2m**	£21.4m	Cash generated from operating activities after net capital expenditure, net interest and tax paid
Working capital to sales	**17.9%**	16.5%	Inventories, receivables and payables at the end of the financial year, divided by annualised Q4 revenue
Inventory days	**100 days**	106 days	Inventories at the end of the year divided by Q4 cost of sales (before exchange gains/losses) times number of days in Q4
Trade receivable days	**41 days**	39 days	Trade receivables at the end of the financial year divided by Q4 revenue times number of days in Q4
Trade payable days	**49 days**	49 days	Trade payables at the end of the financial year divided by Q4 cost of sales (before exchange gains/losses) times number of days in Q4
Safety			
Accident record (number of accidents)	**1**	4	Number of accidents resulting in greater than 3 days absence per 100,000 employees
Environment			
Electricity usage	**36.4**	36.5	Actual usage in MWh per £million of Group revenue
Gas usage	**18.7**	20.8	Actual usage in MWh per £million of Group revenue
Water usage	**0.09**	0.09	Actual usage in cubic metres per £million of Group revenue

* Before restructuring costs and charges associated with acquired businesses. Earnings per share is also before disposal of business.

Market Update
Broadcast

Vitec supplies the Broadcast market with a variety of products and services to assist in the capture and transmission of video images.

The Broadcast market comprises products and services used in the production of programmes for broadcasters and cinematographers, whether in studio or on location. The growing professional video segment comprises products and services used in the production of video by independent content creators including education and religious establishments, corporate entities and governmental bodies.

We estimate that the Broadcast addressable market for products and services supplied by Vitec is worth around £700 million annually. This includes the traditional broadcast and film markets as well as the video production market. Vitec is well positioned due to its broad geographical reach and premium products. We have a global sales team that provides strong international coverage and is able to offer a full range of products and services to our customers all over the world. This market has seen some variability in demand in 2014, particularly in the US, although it has benefited from major sporting events.

Vitec has the premium position and largest market share, providing many of the leading products through our brands to the Broadcast market.

The growth drivers

Increase in video
There has been a significant increase in the amount of video being shot globally. This has been stimulated by the ease with which independent content creators can capture, edit and distribute content, for example over the internet and the rise in popularity of hand-held devices. It has also grown thanks to the increased video capabilities of photographic cameras.

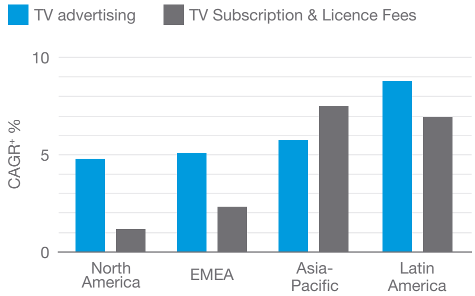
High definition transition and higher image quality led by sporting applications
Television production is increasingly being shot in high definition which has resulted in studios being upgraded, camera replacement cycles shortening and increased demand for our products. As producers seek to shoot higher quality images, ultra high definition cameras are being manufactured although the timing and extent of their adoption is uncertain. Sports broadcasting remains at the forefront of higher quality images as broadcasters seek to differentiate their offerings.

Broadcasters' capital expenditure
Broadcasters' ability and willingness to incur capital expenditure on the construction or refurbishment of studios depends partly on their financial performance. Those broadcasters reliant on subscription income have performed well and have expanded with new operations globally. Those broadcasters reliant on advertising expenditure have largely recovered since the downturn but tend to be more susceptible to macroeconomic conditions. The savings and efficiencies offered by LED lighting compared with traditional lighting drive the replacement of those products too.

Wireless transmission of data
We see accelerating growth in the use of wireless devices to transmit data and images. We believe that this will continue including the use of high performance antennas alongside low latency transmitters and receivers. The cost-effectiveness, range and quality of video data encoders, decoders and related components allows users to monitor and transmit images at increasingly lower costs.

Chosen markets
www.vitecgroup.com/chosen_markets

TV Revenue Growth Forecasts – 2014-2018



Source: PwC Media & Entertainment Outlook (2014-2018)
+ Compound Annual Growth Rate

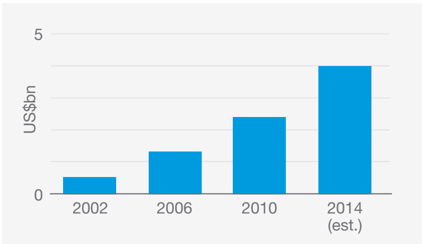
Vitec market position

Vitec has the premium position and largest market share, providing many of the leading products through our brands to the Broadcast market.

Product category	Supports	Prompters	Lighting - LEDs	Mobile power	Wireless systems	Monitors	Robotic camera systems	Distribution, rental & services
Brand	OConnor, Sachtler, Vinten	Autocue, Autoscript	Litepanels	Anton/ Bauer	Haigh-Farr, Teradek	SmallHD	Camera Corps, Vinten Radamec	Bexel, Camera Corps, The Camera Store
Market position*	1	1	1	1	1	3	2	1

* Management estimates by sales value in the market segments in which these products are sold.

FIFA World Cup Broadcast Rights



Source: FIFA Financial Reports

Market Update
Photographic

Vitec supplies the Photographic market with a variety of products for use alongside a photographic camera.

The majority of our products are designed for use with an interchangeable lens camera (ILC) such as a single lens reflex (SLR) camera and compact system camera (CSC or mirrorless).

We estimate that the Photographic market for product categories supplied or distributed by Vitec is worth around £800 million annually. Approximately half of this market is accounted for by professional photographers and the remainder by consumers who have a keen interest in photography or simply want to record and share images. Photography continues to attract new consumers as the number and type of image-taking devices increases and the distribution of images via social media continues to grow in popularity.

Vitec has the leading premier brands in photographic camera tripods, heads and bags for the professional and consumer photographer.

The growth drivers

Sales of cameras with inter-changeable lenses
The installed base of ILCs continues to grow globally even though global shipments continued to fall in 2014. In addition, there has been rapid growth in the volumes of CSCs which are being bought by end users who upgrade from their smart phones, and by professionals and enthusiasts who use them as a second camera.

The new social recorders
There is a new population of photographers who are interested in recording images. These "social recorders" are using smart phones with high mega-pixel lenses to take images and share them using social media platforms. As these new entrants become more interested in photography, they migrate to ILCs (often initially by buying a CSC) and become more likely to acquire our products for use with that ILC.

New distribution channels
The emergence of new distribution channels for photographic products, such as online and in consumer electronics stores, has helped stimulate demand from new customers. The growth of sales through online channels is continuing.

Vitec market position

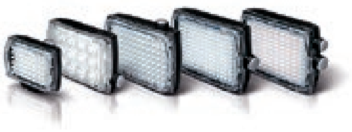
Vitec has the leading premier brands in photographic camera tripods, heads and bags for the professional and consumer photographer.

Product category	Supports	Bags	Lighting
Brand	Avenger, Gitzo, Manfrotto	Manfrotto, National Geographic+	Colorama, Lastolite, Manfrotto
Market position*	1	3	2

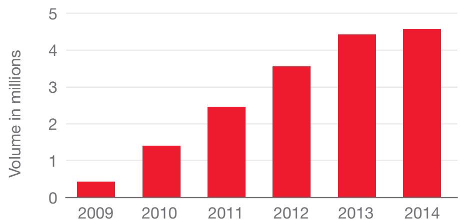
+ Manufactured and distributed under licence.

* Management estimates by sales value in the market segments in which these products are sold.

Chosen markets
www.vitecgroup.com/chosen_markets



Global Compact System Camera Sales Volume



Source: GfK

Principal Risks and Uncertainties

Vitec is exposed to a number of risk factors which may affect its performance. The Group has a well-established framework for reviewing and assessing these risks on a regular basis, and has put in place appropriate processes and procedures to mitigate against them. However, no system of control or mitigation can completely eliminate all risks. The Board has determined that the following are the principal risks facing the Group:

Change in risk profile during 2014

- Increased risk
- Constant risk
- Decreased risk

Specific Risk	Mitigation
Demand for Vitec's products (Constant risk) Demand for our products may be adversely affected by many factors, including changes in customer and consumer preferences and our ability to deliver appropriate products or to support changes in technology. During the year we have continued to invest in new product development and launched a number of new products. Demand may also be impacted by competitor activity, particularly from low-cost countries.	We value our relationships with our customers and closely monitor our target markets and user requirements. We maintain good relationships with our key customers and make appropriate investments in product development and marketing activities to ensure that we remain competitive in these markets. In support of our new product launches, we have completed consumer research before developing new products to ensure that they are appropriately designed for our target markets. We are actively pursuing growth in selected emerging markets.
New markets and channels of distribution (Increased risk) As we enter new markets and channels of distribution we may achieve lower than anticipated trading volumes and pricing levels or higher costs and resource requirements. This may impact the levels of profitability and cash flows delivered. During the year we have seen a continuation of the trend of sales increasingly being made online rather than through stores. We have developed new routes-to-market in emerging markets, and introduced new products.	We have a thorough process for assessing and planning the entry into new markets and related opportunities. This includes marketing and advertising strategies for our products and services. We continuously assess our performance in these markets and the related opportunities and risks. We adapt our approach taking into account our actual and anticipated performance. We review our channels of distribution to make sure they remain appropriate.
Acquisitions (Constant risk) In pursuing our business strategy we continuously explore opportunities to enhance our business through development activities such as strategic acquisitions. This involves a number of calculated risks including: acquiring desired businesses on economically acceptable terms; integrating new businesses, employees, business systems and technology; and realising satisfactory post-acquisition performance. In 2014 we acquired SIS, Autocue and SmallHD, and those businesses are in the process of being integrated into the Broadcast Division.	We mitigate these risks by having a clear acquisition strategy with a robust valuation model. Thorough due diligence processes are completed including the use of external advisers where appropriate. There is a clear focus on integrating acquired businesses and monitoring post-acquisition performance.
Pricing pressure (Increased risk) We might experience pricing pressure including challenges in raising prices, especially in the current economic climate, or not recovering increases in commodity and other costs. If the price of our products does not at least recover movements in commodity costs and other expenses and we are unable to reduce our expenses, our results could be adversely affected.	We ensure that our product and service offering remains competitive by investing in new product development and in appropriate marketing and product support, and by improving the management of supply chain costs. This allows us to support price increases when required by working closely with our suppliers and managing our expenses and cost base appropriately. We are rationalising our product range to reduce complexity which will also allow us to achieve some cost saving on production.
Dependence on key suppliers (Constant risk) We source materials and components from many suppliers in various locations and in some instances are more dependent on a limited number of suppliers for particular items. If any of these suppliers or subcontractors fail to meet the Group's requirements, we may not have readily available alternatives, thereby impacting our ability to provide an appropriate level of customer service.	We aim to secure multiple sources of supply for all materials and components and develop strong relationships with our major suppliers. We review the performance of strategically important suppliers globally on an ongoing basis. Where economical we look to source materials closer to the manufacturing facilities to reduce lead times and improve control over the supply chain.

Specific Risk	Mitigation
Dependence on key customers While the Group has a wide customer base, the loss of a key customer, or a significant worsening in their success or financial performance, could result in a material impact on the Group's results. As in previous years, Vitec has no customer that accounts for more than 10% of sales. The business works with a variety of customers on large sporting events and the extent of these activities varies year-on-year.	We monitor closely our performance with all customers through developing strong relationships, and we monitor the financial performance of our key customers. We continue to expand our customer base including entering into new channels of distribution to expand our portfolio of customers.
People We employ around 1,900 people and are exposed to a risk of being unable to retain or recruit suitable diverse talent to support the business. We manufacture and supply products from a number of locations and it is important that our people operate in a professional and safe environment.	We recognise that it is important to motivate and retain capable people across our businesses to ensure that we are not exposed to risk of unplanned staff turnover. We fairly reward our people and have appropriate staff recruitment, appraisal, talent management and succession planning strategies to ensure we recruit and retain good quality people and leadership across the business. We take our employees' health and safety very seriously and have appropriate processes in place to allow us to monitor and address any issues appropriately.
Laws and regulations We are subject to a comprehensive range of legal obligations in all countries in which we operate. As a result, we are exposed to many forms of legal risk. These include, without limitation, regulations relating to government contracting rules, anti-bribery provisions, competition, and health and safety laws in numerous jurisdictions around the world. Failure to comply with such laws could significantly impact the Group's reputation and could expose the Group to fines and penalties. We may also incur additional cost from any legal action that is required to protect our intellectual property.	We have resources dedicated to legal and regulatory compliance supported by external advice where necessary. We enhance our controls, processes and employee knowledge to maintain good governance and to comply with laws and regulations such as the provisions of the UK Bribery Act 2010. The Group has processes in place to ensure that its worldwide business units understand and apply the Group's culture and processes to their own operations. We actively protect our intellectual property, and will legally pursue any party that infringes our intellectual property rights.
Reputation of Vitec Group Damage to our reputation and our brand names can arise from a range of events such as poor product performance, unsatisfactory customer service, and other events either within or outside our control.	We recognise the importance of our reputation and attempt to identify any potential issues quickly and address them appropriately. We recognise the importance of providing high quality products, good customer service and managing our business in a safe and professional manner. This requires all employees to commit to and comply with the Vitec Code of Business Conduct.
Exchange rates The global nature of the Group's business means it is exposed to volatility in currency exchange rates in respect of foreign currency denominated transactions, and the translation of net assets and income statements of foreign subsidiaries and equity accounted investments. The Group is exposed to a number of foreign currencies, the most significant being the US Dollar, Euro and Japanese Yen.	We regularly review and assess our exposure to changes in exchange rates. We reduce the impact of sudden movements in exchange rates with the use of appropriate hedging activities on forecast foreign exchange net exposures. We do not hedge the translation effect of exchange rate movements on the Income Statement or Balance Sheet of overseas subsidiaries.
Business Continuity Planning There are risks relating to business continuity resulting from specific events that may impact our manufacturing plants or supply chain, particularly where these account for a significant amount of our trading activity. We are also dependent on our IT platforms continuing to work effectively in supporting our business.	We address this risk with Business Continuity Plans and Disaster Recovery Plans at our key sites, and by carrying out periodic IT vulnerability assessments. We have global insurance schemes in place which provide cover for business interruption.

Financial Review

Group Finance Director Paul Hayes reviews performance

Vitec has performed well in 2014 with revenue 3.3% higher and operating profit* up 7.4%, both at constant exchange rates. This includes: contributions from value adding acquisitions; the incremental benefit from restructuring certain businesses and the continuation of focused cost control.

Financial Review
www.vitecgroup.com/financial_review

Revenue
£309.6m
Down 1.8%

Operating profit*
£38.8m
Down 1.8%

Adjusted basic earnings per share*
55.9p
Down 0.4%

2014 Performance Overview
Vitec delivered a good full year performance with constant currency growth in revenue and operating profit*. This included the benefit from supporting the Sochi Winter Olympics and FIFA World Cup and a full year contribution from the Teradek business which was acquired in the second half of 2013. The results also reflect: the incremental benefits of successfully streamlining the business; an ongoing focus on cost management; and the exit from the loss-making IMT business. These benefits were offset by an adverse impact from foreign exchange.

Reported revenue decreased by 1.8% to £309.6 million (2013: £315.4 million) although revenue at constant currency increased by 3.3%. Operating profit* decreased by 1.8% to £38.8 million (2013: £39.5 million) but increased by 7.4% on a constant currency basis. The adverse year-on-year impact from foreign exchange movements was £15.8 million on revenue and £3.5 million on operating profit*. Revenue was 1.5% higher and operating profit* was up 5.0% on an organic basis. The operating margin* was maintained at 12.5% of revenue.

The Group gross margin* was lower than the prior year at 41.6% (2013: 43.9%) mainly reflecting product mix, including the non-repeat of a high margin US Department of Justice contract at IMT, and revenue growth in the lower margin broadcast services business.

Operating expenses* were £9.1 million lower than in 2013 at £90.0 million. This reflects the continuation of focused cost control that has delivered a £5.0 million year-on-year reduction in underlying operating expenses*. There is also a £4.0 million benefit from foreign exchange, partially offset by the inclusion of the operating expenses* of acquisitions made in the year.

We maintained our investment in product development and innovation at 4% of Group product sales (2013: 4%). Research, development and engineering expenditure on a like-for-like basis was £11.3 million (2013: £11.1 million) after adjusting for capitalised development expenditure of £3.4 million (2013: £2.4 million) and £0.8 million of amortisation (2013: £0.7 million).

There was a restructuring charge of £2.7 million (2013: £11.4 million). This included the completion of the restructuring projects that we commenced in 2013, in line with our plans. This restructuring was supplemented by the decision in December 2014 to fully integrate our camera bags business into our other Photographic activities, which will be completed in 2015. The total year-on-year benefit of these restructuring activities to our profitability in 2014 was £4.0 million (2013: £6.2 million).

* Before restructuring costs and charges associated with acquired businesses; profit before tax and adjusted earnings per share are also before disposal of business.
\# Cash generated from operating activities after net capital expenditure, before restructuring costs paid.

Profit before tax* of £35.3 million was £0.3 million lower than the prior year. Adjusted earnings per share* decreased by 0.4% to 55.9 pence per share (2013: 56.1 pence per share). Group profit before tax of £20.1 million (2013: £20.4 million) was after: £2.7 million of restructuring costs (2013: £11.4 million); £8.5 million charges associated with acquired businesses (2013: £3.8 million); and a £4.0 million loss arising from the disposal of the IMT business (2013: £nil).

Free cash flow+ of £18.2 million (2013: £21.4 million) is reported after £3.2 million of cash outflows on restructuring activities (2013: £7.9 million). There was a total cash outflow of £7.3 million (2013: £2.0 million inflow). This was after a £13.3 million net cash outflow relating to acquisitions (2013: £8.5 million), and further outflows relating to disposals, net purchases of shares to meet share plan commitments and dividend payments. Net debt at 31 December 2014 was £70.9 million (31 December 2013: £61.5 million) including a net adverse impact of £2.1 million from foreign exchange movements. The Group's balance sheet remains strong with a year end net debt to EBITDA ratio for covenants of 1.2 times (31 December 2013: 1.1 times).

Management's estimate of the main drivers that reconcile the 2014 to the 2013 operating profit* are summarised in the following table:

Operating profit* bridge (£ million)

2013 Operating profit*		39.5
Gross margin effects:		
- Volume, mix and efficiency	(3.6)	
- Sales price less cost inflation	(3.5)	
Restructuring savings	4.0	
Underlying operating expenses*	5.0	
		1.9
Acquisitions	2.2	
Disposals	(1.3)	
		0.9
Foreign exchange effects:		
- Translation	(1.5)	
- Transaction after hedging	(2.0)	
		3.5
2014 Operating profit*		**38.8**

Net financial expense

Net financial expense totalled £3.5 million (2013: £3.9 million), after the benefit from a one-off receipt of £0.3 million interest on a repayment from the Costa Rica tax authorities. Interest payable was £3.6 million (2013: £3.6 million) and was covered 15 times (2013: 15 times) by earnings before interest, tax, depreciation and amortisation.

Profit before tax

Profit before tax* decreased by £0.3 million to £35.3 million (2013: £35.6 million). The reported profit before tax after restructuring costs, charges associated with acquired businesses and disposal of business decreased by 1.5% to £20.1 million (2013: £20.4 million).

Taxation

The effective taxation rate on profit before tax* decreased from 31% in 2013 to 30% in 2014. We anticipate that the tax rate will remain at 30% in 2015. The Group's tax charge is higher than the UK statutory rate because the majority of its profits arise in overseas jurisdictions with higher tax rates.

Earnings per share

Earnings per share before restructuring costs, charges associated with acquired businesses and disposal of a business was 55.9 pence per share (2013: 56.1 pence per share). The basic reported earnings per share was 29.4 pence per share (2013: 31.9 pence per share).

Acquisitions and disposals

During 2014, Vitec acquired three businesses and disposed of one:

In March 2014, Vitec acquired the assets of the Speciality Cameras Division of SIS Outside Broadcasts Limited (SIS) for a cash consideration of £1.8 million. There is a potential contingent consideration of up to £1.4 million that is dependent on demanding revenue targets for certain future events by 2017.

In October 2014, the Group acquired Autocue Group Limited for a net cash consideration of £6.1 million. We are in the process of agreeing the post-completion adjustments to finalise the net consideration under the terms of this transaction.

In December 2014, the Group acquired the net assets of SmallHD in the US for an initial cash consideration of $4.6 million (£2.9 million). We are in the process of finalising the post-completion adjustments to agree the net consideration under the terms of this transaction. There is a potential contingent consideration of up to a further $25.4 million (£16.3 million) that is dependent upon the achievement against stretching EBITDA targets over a two and a half year period to 30 June 2017.

In November 2014, the Group sold its loss-making IMT business, based in the US. The disposal enables management to place greater focus on opportunities in the Group's core Broadcast and Photographic activities. A loss of £4.0 million arose on disposal after taking into account exit costs together with the net assets disposed (£9.5 million) offset by cash consideration (£0.3 million) and the previously recorded foreign exchange gain that has been recycled to the income statement (£5.2 million). The total net cash outflow, after exit costs, is expected to be £3.8 million of which £1.3 million was paid in the period. The remaining £2.5 million, of which £1.8 million relates to an onerous lease provision, is expected to be paid by 2016.

Restructuring costs

In 2014 there was a restructuring charge of £2.7 million (2013: £11.4 million) relating to activities to streamline our operations and improve our processes. This includes the completion of the projects announced in 2013, which we delivered in line with our plans. In addition we have taken the decision to fully integrate the camera bags business into our other Photographic activities, which will be completed in 2015.

The year-on-year benefit of these restructuring plans to our profitability in 2014 was £4.0 million (2013: £6.2 million). Cash outflows relating to restructuring were £3.2 million in the year (2013: £7.9 million).

Financial Review continued

Charges associated with acquired businesses

The 2014 charges relate to the Group's acquisition activities and amortisation of previously acquired intangibles.

The amortisation of acquired intangibles of £3.4 million (2013: £2.6 million) related to: Manfrotto Lighting (formerly Lastolite) acquired in March 2011; Haigh-Farr acquired in December 2011; Camera Corps acquired in April 2012; Teradek acquired in August 2013; SIS acquired in March 2014; and Autocue acquired in October 2014.

Transaction costs of £0.9 million were incurred in relation to the acquisitions of SIS, Autocue and SmallHD (2013: £0.4 million in relation to the acquisition of Teradek).

Contingent consideration of £4.2 million ($7.0 million) was accrued during the year to be paid to the previous owners of Teradek in 2015 in relation to the business's performance in 2014 and is subject to final agreement. The business has delivered strong growth in the year and has performed ahead of our pre-acquisition expectations. In 2013, £0.8 million was accrued to be paid to the previous owners of Haigh-Farr.

Cash flow and net debt

Cash generated from operating activities was £42.0 million (2013: £52.4 million) with the Group maintaining a focus on cash generation.

The Group uses a number of key performance indicators to manage cash including the percentage of operating cash flow# generated from operating profit*, the percentage working capital to sales, inventory days, trade receivable days and trade payable days. Inventory, trade receivable and trade payable days are stated at year end balances; inventory and trade payable days are based on Q4 cost of sales (excluding exchange gains/losses) while trade receivable days are based on Q4 revenue.

The operating profit* into operating cash flow# conversion at 73% is lower than the very strong 105% conversion achieved in 2013. This mainly reflects the timing of cash flows, with 89% cash conversion over the last two years consistent with our established track record for strong cash generation.

The working capital to sales metric has increased to 17.9% (31 December 2013: 16.5%) and overall working capital increased by £6.9 million (2013: £8.6 million decrease).

Inventory increased by £2.1 million (2013: £4.9 million decrease) to £55.0 million at the year end, reflecting higher activity levels. Inventory days decreased to 100 days (2013: 106 days).

Trade receivables days increased to 41 days (2013: 39 days), reflecting the timing of sales. Trade and other receivables increased by £2.7 million accordingly (2013: £1.8 million decrease) and the ageing remained well controlled and in line with prior year.

Trade payable days remain at 49 days (2013: 49 days). There was a £2.1 million overall decrease in trade and other payables (2013: £3.1 million increase) including lower bonus and commission accruals.

Capital expenditure, including £4.7 million of software and capitalised development costs (2013: £3.4 million), totalled £22.2 million (2013: £22.7 million), of which £12.7 million (2013: £11.8 million) related to rental assets. This was partly financed by the proceeds from rental asset disposals of £5.0 million (2013: £3.5 million) which included the disposal of some specific assets acquired for the Sochi Winter Olympics. Overall capital expenditure was equivalent to 1.4 times depreciation(1) (2013: 1.6 times) and included investments in manufacturing processes and production tooling.

The net tax paid in 2014 of £3.5 million was lower than the £8.5 million paid in 2013 due to the level of tax charge and timing of tax payments.

As a result, free cash inflow+ decreased by £3.2 million to £18.2 million (2013: £21.4 million).

Free cash flow+

	2014 £m	2013 £m
Operating profit*	**38.8**	39.5
Depreciation(1)	**16.1**	14.3
Changes in working capital	**(6.9)**	8.6
Restructuring costs (2013 plans)	**(3.2)**	(7.9)
Other adjustments(2)	**(2.8)**	(2.1)
Cash generated from operating activities	**42.0**	**52.4**
Purchase of property, plant and equipment	**(17.5)**	(19.3)
Capitalisation of software and development costs	**(4.7)**	(3.4)
Proceeds from sale of property, plant and equipment and software	**5.2**	3.8
Interest paid	**(3.3)**	(3.6)
Tax paid	**(3.5)**	(8.5)
Free cash flow+	**18.2**	**21.4**

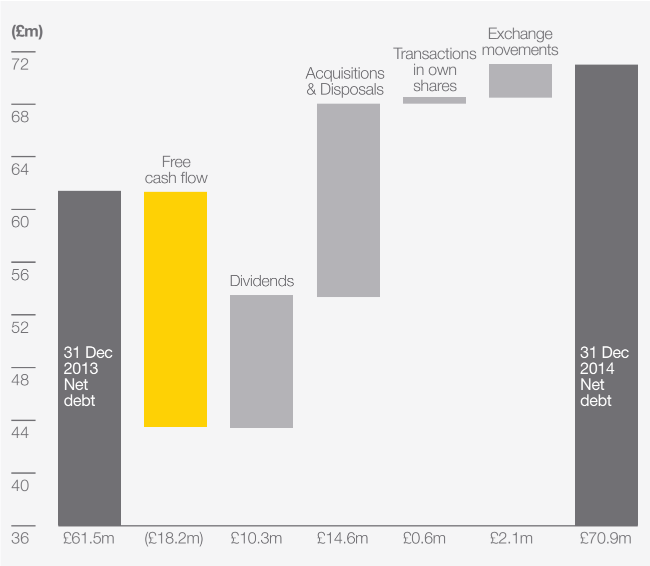
* Before restructuring costs and charges associated with acquired businesses.

+ Cash generated from operating activities after net capital expenditure, net interest and tax paid.

(1) Includes depreciation and amortisation of capitalised development costs.

(2) Includes change in provisions, share based charge, gain on disposal of property, plant and equipment, fair value derivatives and transaction costs relating to acquisitions.

Net debt



There was a £13.3 million net cash outflow relating to acquisitions during the year (2013: £8.5 million). In 2014 there was also a cash outflow of £1.3 million relating to the disposal of IMT. Dividends paid to shareholders totalled £10.3 million (2013: £9.8 million) and there was a net cash outflow in respect of shares purchased and issued of £0.6 million (2013: £1.1 million). The net cash outflow for the Group was £7.3 million (2013: £2.0 million inflow) which, after £2.1 million adverse exchange (2013: £0.2 million favourable), increased the net debt to £70.9 million (2013: £61.5 million).

Treasury

Vitec manages its financing, hedging and tax planning activities centrally to ensure that the Group has an appropriate structure to support its geographically diverse business. It has clearly defined policies and procedures with any substantial changes to the financial structure of the Group, or to its treasury practice, referred to the Board for approval. The Group operates strict controls over all treasury transactions including clearly defined currency hedging processes to reduce risks from volatility in exchange rates.

The Group is hedging a portion of its forecast future foreign currency transactions to reduce the volatility from changes in exchange rates. Our main exposure relates to the US Dollar and the table below summarises the contracts held as at 31 December 2014.

The Group does not hedge the translation of its foreign currency profits. A portion of the Group's foreign currency net assets are hedged using the Group's borrowing facilities.

Currency hedging

	December 2014	Average rate of contracts	December 2013	Average rate of contracts
US Dollars sold for Euros				
Forward contracts	**$36.0m**	**1.33**	$56.2m	1.32
US Dollars sold for Sterling				
Forward contracts	**$14.8m**	**1.62**	$13.5m	1.56

Financing activities

The Group's principal financing facility is a £100 million five year multi-currency revolving credit facility involving five relationship banks, expiring on 19 July 2017. At the end of December 2014, £45.8 million (2013: £44.2 million) of the facility was utilised.

The Group has a $50 million (£32.1 million) private placement facility which has been drawn down in two tranches of $25 million each. This financing has a combined fixed interest rate of 4.77% and is due for repayment on 11 May 2017.

The Group therefore has a total of £132.1 million of committed facilities at the year end with drawings of £77.9 million (31 December 2013: £74.4 million).

The average cost of borrowing for the year which includes interest payable, commitment fees and amortisation of set-up charges was 4.3% (2013: 4.4%) reflecting an interest cost of £3.6 million (2013: £3.6 million).

The Board has maintained an appropriate capital structure without exposing the Group to unnecessary levels of risk and Vitec has operated comfortably within its loan covenants during 2014.

Foreign exchange

2014 operating profit* included a £3.5 million net adverse foreign exchange effect after hedging, mainly due to less favourable £/$ and £/€ rates when compared to 2013.

Dividend

The Directors have recommended a final dividend of 14.7 pence per share amounting to £6.5 million (2013: 14.1 pence per share, amounting to £6.2 million). The dividend, subject to shareholder approval at the AGM, will be paid on Friday, 15 May 2015 to shareholders on the register at the close of business on Friday, 17 April 2015. This will bring the total dividend for the year to 24.0 pence per share (up 4.3%).

Paul Hayes
Group Finance Director

24 February 2015

Broadcast Division**

The Broadcast Division (previously presented as the Videocom and Services Divisions) specialises in the supply of high-quality broadcast equipment principally for professionals engaged in producing video content for the global media industries: broadcast, film and live events. This equipment is also supplied to meet the growing demand from independent content creators and provides broadcast equipment rental and technical support to television production teams and film crews. It also provides premium services including equipment rental and technical solutions to TV production teams and film crews. It offers a complete one-stop solution for producers globally, enabling customers to deliver the most demanding projects. This enables Vitec to closely monitor changes in technology and to showcase our products. The Division's strategy is to focus on events where higher levels of service are most needed.

Operations

Revenue for 2014 was £171.1 million, excluding IMT, an increase of 6.3% on prior year. On a constant exchange rate basis, revenue was up 11.9% and was 4.5% higher organically. Operating profit* improved by £1.8 million after excluding the £1.3 million loss* recorded by IMT in 2014 (2013: £0.0 million). The operating profit* increased by 5.2% organically. The Division benefited from the inclusion of a strong performance at Teradek and a contribution from supporting the Sochi Winter Olympics and FIFA World Cup. Restructuring activities were completed to plan, including the relocation of certain UK manufacturing processes to Costa Rica.

Our sales of broadcast equipment benefited from the Sochi Winter Olympics and strong sales of our Teradek wireless products. The Teradek business that we acquired in August 2013 continues to develop innovative products, including the new Bolt wireless transmitter which has been selling well. On an organic constant currency basis, broadcast equipment sales were down 2.2% but operating profit* was in line with the prior year.

Our prompter business also performed well and will include a contribution from the Autocue brand going forward. In camera supports we experienced a lower level of investment by studios in larger camera supports, although our smaller products continued to perform in line with our expectations. Our battery business experienced a lower level of activity but should benefit from the new ranges of products launched at the end of 2014.

Profitability remained strong and reflected the benefit of previous restructuring and continued cost control activities.

A strong performance from the equipment rental and technical support business included supporting the Sochi Winter Olympics, the FIFA World Cup and an increase in our underlying rentals business for other major events. We have also supported a number of improvements in the infrastructure of NFL stadiums including player positioning systems. We are pleased with progress as we concentrate on driving sales and securing attractive pricing for our premium services. The profitability of the business is also benefiting from improving asset utilisation by acquiring appropriate assets and disposing of under-utilised assets, and continuing to manage the cost base tightly.

These activities were previously presented separately as the Videocom and Services Divisions, but are now managed and reported as one Division.

The Division included the non-core IMT business until its disposal in November 2014. The performance of the Division excluding IMT is summarised below. IMT recorded an operating loss* of £1.3 million in 2014 on revenue of £7.9 million (2013: £0.0 million operating profit* on revenue of £14.0 million).

Revenue
£171.1m
Up 6.3%

Operating profit*
£21.2m
Up 9.3%

Operating margin*
12.4%
Up 30 bps

Revenue

Operating profit*

Operating margin*

* Before restructuring costs and charges associated with acquired businesses.

** Figures in this section exclude the IMT business that was disposed in 2014.

Vitec in action

Big win with SmallHD

The addition of SmallHD to the Broadcast Division in December supplements our range of products targeted at broadcasters and the growing number of independent content creators.

Based in North Carolina, US, SmallHD pioneered the design and manufacture of rugged, future proof, high definition on-camera field monitors, used across the film making world to create exceptional images.

The acquisition complements Vitec's existing video businesses, including Teradek, which serves a similar market and there is significant scope for SmallHD's products to be sold through Vitec's global sales and distributor network.

Anton/Bauer launches industry-leading battery and charger series

Specifically designed to power the modern digital cameras used by broadcasters, cinematographers and independent content creators, the latest Anton/Bauer Digital Battery Series and Performance Charger Series provide previously unseen levels of safety and performance at very competitive price points.

Safety has been the primary design consideration, with the batteries featuring three levels of electronic safety, a honeycomb, dual-skinned case to isolate each cell and a crumple zone to protect against physical damage.

The new ranges feature technology such as battery life-extending digital filtering, constant calibration for accurate fuel gauging, a cloud-based battery management system and efficient charging. Both are available in three stud Gold Mount and V-Mount attachment options to appeal to the European and Asian markets.

Autocue acquisition enhances teleprompting offering

The recent acquisition of leading teleprompter provider Autocue reinforces our ongoing commitment to providing customers with a broader range of services and support.

Autocue is a long-established household name and is the broadcast industry's largest teleprompter range provider. It has tens of thousands of users worldwide, ranging from independent content creators, schools and videographers, to high-end broadcasters like the BBC, CNN and NBC.

Autocue complements Vitec's existing teleprompter business, Autoscript, and we will continue to develop and support these premium brands.

SIS technology hits the competition for six

SIS captures unique camera shots at major sporting events. An impressive example of this technology is the world's only full HD Stump Cam.

As the only camera on the field of play, the Stump Cam gets cricket fans into the action by offering unique viewpoints while the camera can withstand direct cricket ball strikes.

Version three was released in 2014 and is the most compact version to date, housed completely within a regulation cricket stump. The cameras come in a range of lenses allowing for tight, wide or superwide shots and are included in almost every televised English domestic and international cricket match.

Victorious at major sporting events

Vitec has once again proved its unparalleled ability to help broadcasters cover large-scale, multi-venue events in the most efficient way. Tasked with supplying a premium service, Bexel helped broadcasters cover many major world sporting events including the Sochi Winter Olympics and FIFA World Cup.

Bexel utilised many of Vitec's premium brands including Anton/Bauer, Autoscript, Litepanels, Sachtler, Teradek, Vinten, Vinten Radamec and Camera Corps to support the major broadcasters in providing exceptional footage of these events to millions of viewers.

Pre-planning and set-up begins several months earlier, with Bexel installing fibre-optic cabling to establish robust HD signal infrastructure on site, and fitting out world-class broadcast facilities with modern studios and custom-designed control rooms.

Bolt lighting up wireless video transmission

Teradek is a world leading provider of advanced wireless HD video encoders, decoders and transmission systems offering low-cost, easy-to-use solutions that facilitate the transmission of exceptional images.

The latest Bolt Pro series has a zero delay wireless video system which transmits uncompressed HD video at full fidelity across a line of sight range of up to 600 metres. An example of this at work was in the production of "The Sea of Trees", an upcoming feature film starring Matthew McConaughey, where the latest Bolt Pro 2000 model successfully transmitted a complex shoot in the middle of a dense forest to director, Gus Van Sant, and the production team.

Vitec in action
www.vitecgroup.com/vitec_in_action

Photographic Division

The Photographic Division (previously described as the Imaging Division) provides premium photographic and video equipment to both professional and non-professional users. The photographic and video equipment consists primarily of camera supports, tripods, camera bags, lighting supports, LED lights and lighting accessories. We also supply a range of tripods, bags, lighting and other photographic products to the consumer segment.

Operations

Revenue decreased by 7.3% to £130.9 million, and was 2.1% lower than prior year at constant exchange rates. Despite the decline in revenue, operating margin* increased by 20 bps to 14.4%, reflecting a continuing focus on cost control and the year-on-year benefits from the restructuring completed in 2013. At constant exchange rates, operating profit* increased by 4.8%, with operating margin* 100 bps higher.

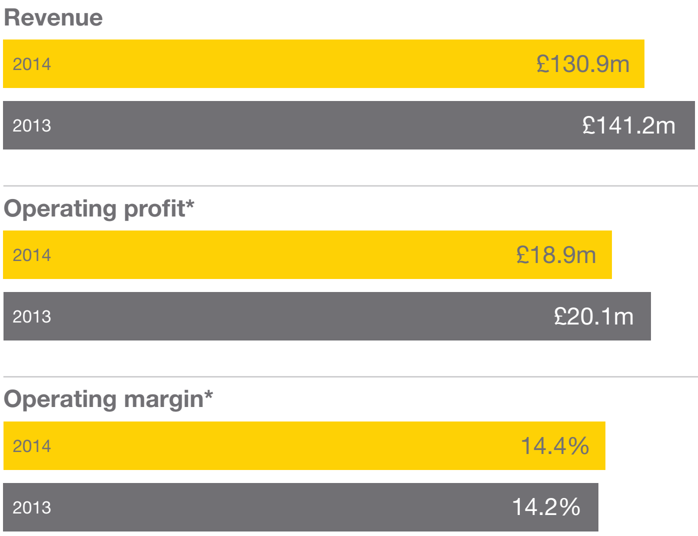
Against a challenging market background, sales of our core camera supports performed well and we are particularly pleased with sales of new products including the BeFree and new 190 tripod ranges. We continued to launch a number of new products including the Manfrotto Off Road range. Our premium Gitzo brand, including the new Gitzo Mountaineer tripod, performed strongly. We believe that we continue to outperform the Photographic market despite certain competitors' products that we believe have infringed our patented technology and we are reviewing our options accordingly.

The camera bags market is largely driven by new camera sales and has been hardest hit by lower interchangeable lens camera sales over the last few years. Although this market remains competitive, we are pleased with sales of the Manfrotto branded range of camera bags which continued to gain market share. We have now launched these bags globally as our main bag brand. In light of the continuation of a challenging camera bags market, in December 2014 we decided to close our overseas bags facility and fully integrate it into our other Photographic business. This will be completed in early 2015.

Revenue
£130.9m
Down 7.3%

Operating profit*
£18.9m
Down 6.0%

Operating margin*
14.4%
Up 20 bps



* Before restructuring costs and charges associated with acquired businesses.

Vitec in action

Compact engineering meets mighty performance

Manfrotto has developed its most compact, precise and reliable three-way photographic head dedicated to amateur and professional photographers who want maximum precision in a compact size.

The X-PRO 3-Way Head is designed to ensure portability by using retractable levers that can retract and fold down for transportation. It also provides guaranteed precision through friction controls that balance the weight of the camera equipment while being reliable and durable due to its light aluminium body that can hold up to eight times its weight.

Gitzo Mountaineer continues to evolve

When tripod pioneers Gitzo launched the original Mountaineer in 1994, it was the world's first carbon fibre tripod. Gitzo continues to keep the tripod range at the cutting edge, redefining tripod technology with each new release. Their latest range in the Mountaineer series introduced a tripod with newly developed, innovative carbon eXact tubes. The new tubing optimises fibre composition for each tube size using large diameter High Modulus carbon fibre to make it stronger and stiffer, particularly in the narrower tubes used for the lower leg sections.

Manfrotto streamlines its bag offering

Manfrotto has launched a premium range of photographic bags for both professional and hobby users. These bags incorporate the exclusive features of our Kata brand collection with the addition of an enhanced camera protection system. The innovative 3D shock-absorbing foam guarantees maximum equipment safety.

These Manfrotto-branded products are gaining market share and are our main bag brand.

The perfect travel companion is now reliable, light and colourful

With portability and style in mind, Manfrotto has evolved its BeFree range to include Carbon and Colour options. The BeFree Carbon has 100% carbon fibre legs guaranteeing lightness, durability and easy transportability. Weighing 20% less than the traditional aluminium designed BeFree, the Carbon model is still fast to set up, intuitive to use and provides the stability required to capture stunningly precise, sharp images.

The launch of the BeFree Colour gave the range a splash of red, blue, grey and green to match the style and taste of many customer groups, adding eye-catching and attractive to the list of reliable qualities that come with the standard BeFree range.

Great things come in small packages

Using its wealth of expertise and industry knowledge, Manfrotto has designed and engineered a new set of tripods and monopods for the entry-level user market. The new Compact Collection features specially selected materials, colours and accessories that allow customers to easily achieve precise, shake-free images that are ready to be shared with the world.

These products ensure that entry-level users quickly see improvements in their photographs and are more likely to purchase professional products from the Manfrotto range as their skills evolve. The Compact Collection replaces the old Compact and 390 series.

Growing sales in Asia-Pacific

The Asia-Pacific market presents significant opportunities for growing sales of premium photographic equipment with its rapidly emerging middle class, growing economies and enjoyment of recording special occasions.

The Photographic Division has built its brands, customised its products and most importantly developed a talented local team of over 50 employees in the region. This has been achieved by recruiting locally and relocating Group talent to share market intelligence, product knowledge and best practice to best serve local requirements and culture.

The Division has successful subsidiaries in China, Hong Kong and Japan and leading strategic partnerships including South Korea, Taiwan, Singapore and Thailand. Manfrotto is a market leader in the region with growing market shares in both tripods and bags.

Vitec in action
www.vitecgroup.com/vitec_in_action

Corporate Responsibility

Continuing Progress with Corporate Responsibility

Corporate Responsibility Report online
www.vitecgroup.com/responsibility

We have continued to make real progress with corporate responsibility initiatives in 2014 and confirm our commitment to a sustainable business model that ensures the long-term value of our business for Vitec's stakeholders.

We recognise that our reputation is key to Vitec's continued success. This is underpinned by a Group-wide corporate responsibility programme with common shared values that are followed by all our employees in delivering our corporate purpose:

To provide vital products and services that support the capture and sharing of exceptional images. To do this we operate with the following values:

- > **Product excellence** – everything we make and do is exceptional
- > **Creative solutions** – we are constantly looking to break new ground
- > **Integrity** – what you see is what you get
- > **Customer focus** – we are nothing without our customers
- > **Collaboration** – we work better when we work together

The Board has overall responsibility for corporate responsibility and has put in place a detailed Code of Business Conduct, Environmental Policy, and Health and Safety Policy setting a standard for all of our businesses and 1,900 employees worldwide. Each of these is available on our website and is central to our approach on corporate responsibility. The Board has delegated the co-ordination of our corporate responsibility efforts to me and through senior executives at a Group and Divisional level we focus our efforts on the areas of business ethics, environment, employees, and community and charitable donations. Our approach is flexible and pragmatic to reflect the size and scale of our operations and we focus our limited resources where necessary to comply with legal requirements. We regularly review progress against each of these areas, for example, on a monthly basis the Board and Operations Executive track health and safety performance and analyse accidents to learn important lessons in this vital area, adapting our policies, reporting structure and practices in light of our performance, experience and regulatory changes.

We have continued to build on the progress of 2013 in 2014. Notably we have improved the capture and reporting of our greenhouse gas emissions. Secondly, where we have acquired new businesses we have embedded our policies, values and processes regarding health and safety, our Code of Business Conduct and whistleblowing service to all employees to ensure that our values are understood and that employees clearly know what is expected of them in terms of behaviour and values. Thirdly, our health and safety efforts have continued and we have delivered a further improvement in reducing the number of accidents resulting in over three days' absence. Finally we have maintained our FTSE4Good index membership recognising our commitment to environmental, social and governance matters.

The Operations Executive receives regular updates on corporate responsibility issues from the Group Company Secretary and progress will continue to be monitored and reported on going forward. In turn, I report to the Board on our corporate responsibility initiatives.

The following pages describe our 2014 corporate responsibility activities organised in the following areas:

Business Ethics
Page 29

Employees
Page 32

Environment
Page 30

Community & Charitable Donations
Page 36

Our 2015 corporate responsibility plans include strengthening our business ethics with a recommunication of our Code of Business Conduct and whistleblowing service, and undertaking further training of our employees in this area. We will continue our review of health and safety procedures to improve working practices to ensure a safe and healthy working environment for all our employees and third parties on our sites. Notably, this will focus on near misses and lessons that can be learned. We will continue to focus on diversity, talent development and succession planning to ensure we have the best talent and resources to deliver on our strategic objectives. We will report in more detail on these in 2015's Annual Report.

Stephen Bird
Group Chief Executive

Business Ethics

Our Vision

To ensure our employees have a clear understanding of what is expected of them in conducting business in the right way with a common set of values. We expect our business partners to abide by standards that are compatible with our own.

Our Approach

The Board has implemented a robust governance framework including a Code of Business Conduct articulating our values, beliefs and behaviours that is communicated to all employees and business partners. Where appropriate we train our employees on key issues including bribery and corruption and promote a whistleblowing service as a back-up control.

Code of Business Conduct

Our Code of Business Conduct ("Code") provides clear guidance to our employees on how they are expected to behave towards employees, suppliers, customers, shareholders and on our wider responsibility to the communities within which we operate.

Our Code, which is available on our website, sets out our approach to business integrity including an express prohibition on bribery and kickbacks, guidance on gifts and hospitality, conflicts of interest, books and records, competition, share dealing, respect for the UN Universal Declaration of Human Rights, respect for the individual and privacy, diversity, health and safety, environmental sustainability, business partners, charitable donations and a clear prohibition on political donations.

Our Code has been communicated to all employees including new employees on joining the Group. Employees of businesses we acquired in 2014 (SIS, Autocue and SmallHD) were also provided with a copy of our Code. All employees are expected to comply with our Code and any violations of it are to be reported to local management or the Group Company Secretary for investigation.

In 2015 we plan to recommunicate our Code to all our employees worldwide to ensure that it remains visible and is universally understood.

Anti-bribery

We have continued with the development of our employees' understanding of anti-bribery and corruption as reflected in our Code. All senior and customer-facing new starters with the Group (including senior employees joining through the recent acquisitions of SIS, Autocue and SmallHD) have completed an online training module (also available in Italian, German and Japanese) including the Board of Directors, Operations Executive, senior executives and customer-facing employees covering anti-bribery and corruption. All participants were required to complete the module and to take a test on the issues covered by the training.

Our Code has been communicated on a risk-based approach to our major suppliers, customers, agents and distributors. We have either secured their agreement with the terms of our Code or secured evidence of their own ethics procedures including an express prohibition on bribery. Agents and distributors have formal agreements in place which clearly prohibit bribery and set out our expectation on behaviour and values. We further enhanced due diligence on major customers and suppliers with a more detailed screening of backgrounds using a third party provider focusing on reputational risk. We are now in the process of standardising due diligence with a common third party questionnaire.

Whistleblowing service

We operate an independent whistleblowing service in conjunction with Expolink. This service enables any employee or third party who feels that the normal reporting channels through line management are not appropriate, to report confidentially on any issues around dishonesty, fraud, bribery, malpractice, bullying, unfair treatment, unsafe working practices or other Code contraventions.

In accordance with a clearly agreed documented procedure, all such reports are notified to the Group Company Secretary, the Group Chief Executive and the Chairman of the Audit Committee, and are investigated independently by senior management who are not connected to the report. The outcome of investigations is reported to the Chairman of the Audit Committee. All whistleblowing reports are independently investigated with remedial action taken where necessary.

The service has been communicated to all our employees with posters prominently visible at all sites, a letter from the Group Chief Executive and a letter from Expolink explaining the service to ensure that it remains visible and understood. The service has been communicated to all new employees including those employees of newly acquired businesses. During 2014 we received one whistleblowing report.

It is our intention to recommunicate the whistleblowing service to all employees in 2015 to ensure that it remains prominent and understood by employees.

Corporate Responsibility

Environment

Our Vision

To ensure our decision making and operations are mindful of the environment while enhancing our competitiveness.

Our Approach

We are creating a culture that adopts technologies, materials and processes to ensure we minimise our impact on the environment.

Vitec's products and processes

We continue to implement initiatives aimed at sustaining and protecting the environment, in the areas of research and development, production, packaging and waste disposal.

Our products and services have a low impact on the environment. We use low-hazard materials, we minimise the use of resources during the manufacturing process and we search for materials that are sustainable and can be recycled and reused. Our efforts and environmental awareness have continued to evolve, not only to comply with regulations but also to make our business better. By putting in place a proper environmental management system we are reducing operating costs and business risks, while ensuring sustainability. For example, Manfrotto continually reviews its operations and standards regarding the environment. Packaging for its products and Manfrotto's suppliers strictly adhere to the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulations. These regulations cover the production and use of some 143,000 chemical substances and their potential impacts on both human health and the environment. Manfrotto reviews, reduces and reports on the use of packaging every three months and notable efforts have been made to reduce the use of Styrofoam in packaging that is harmful to the environment.

An example of how innovation and technology play a critical role in helping reduce the impact on the environment is LED lighting, which is produced by Litepanels and Manfrotto. LED technology has significant benefits over traditional lighting as LED lights last ten times longer than a regular incandescent bulb and are four times more energy efficient. The dramatic cut in the amount of energy used translates to financial savings for users along with creating a cleaner environment.

Vitec's green practices

As part of our commitment to responsible business practices, we have continued initiatives aimed at reducing energy, paper and water use, encouraging recycling and proper waste disposal, and promoting a culture of sustainability among our employees.

We monitor and track our usage of electricity, gas and water across our manufacturing, warehouse and administrative sites and make efforts, where possible, to reduce our usage both to reduce costs and the impact on the environment. Many buildings within the Group have timer and motion sensors for lighting to save on electricity usage. Other buildings have programmable thermostats that are centrally managed to optimise the building's heating and cooling needs, therefore maintaining a steady temperature.

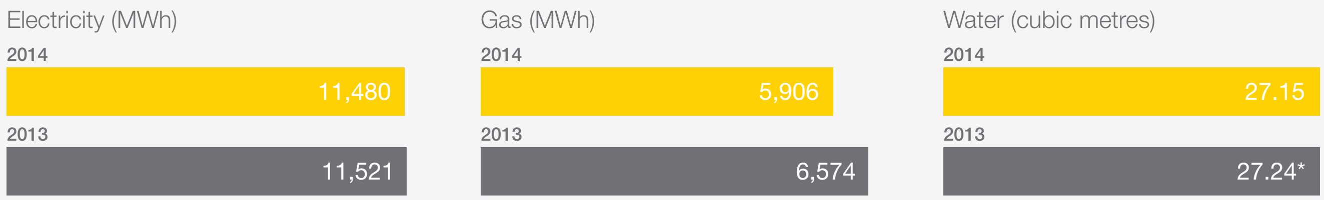
The electricity contracts with Green Certificates at the Italian sites were renewed in 2014, confirming the commitment to use energy generated by renewable sources.

The Group's electricity, gas and water usage per £million of Group revenue over the last five years is set out on the following page.

The Photographic Division's sites in Bassano and Feltre in Italy and the Broadcast Division's site in Shelton in the US had their ISO 14001 status confirmed in 2014, showing that these operations have designed and implemented effective environmental management systems.

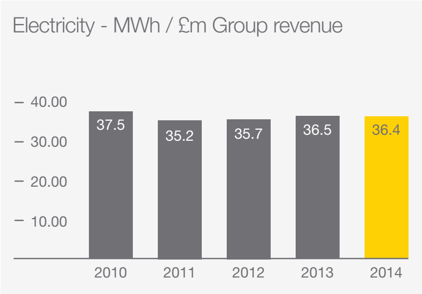
Environmental Policy online
www.vitecgroup.com/environmental_policy

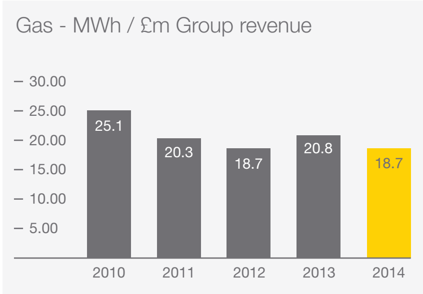
Actual electricity, gas and water usage in 2014 and 2013

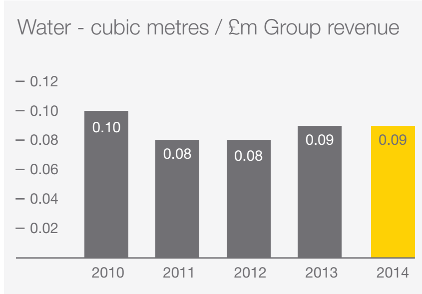


* The figure for 2013 has been re-stated following receipt of final invoices for consumption during 2013 that were not available at the time of publication of the 2013 Annual Report

Our electricity, gas and water usage based on usage per £million of Group revenue







The table below shows the quantities of materials that were recycled in 2014 (2013 are shown in brackets) at our major manufacturing sites in the UK, Italy and Costa Rica. All measurements are in kilograms.

Feltre, Italy	Bury St Edmunds, UK	Cartago, Costa Rica
Aluminium – 57,389 (73,616)	Aluminium – 26,620 (30,910)	Aluminium – 29,480 (33,876)
Iron and Steel – 40,703 (32,622)	Steel – 5,660 (4,200)	Steel – 9,810 (7,357)
Paper and cardboard – 85,600 (70,020)	Paper and cardboard – 33,200 (41,300)	Paper and cardboard – 26,130 (18,600)
Plastic – 18,101 (11,394)	Plastic – 1,500 (500)	Plastic – 4,610 (3,849)
Wood – 9,560 (13,030)	Wood – 14,000 (18,000)	Carbon fibre – 1,390 (344)
Carbon fibre – 1,770 (1,180)	Brass – 6,440 (7,187)	Magnesium – 980 (1,142)
Copper, Bronze and Brass – 380 (80)	General Waste – 18,850 (21,750)	Iron – 3,090 (1,179)

The recycling largely covers the cost of waste management at our main manufacturing sites while similar recycling initiatives are carried out at our smaller manufacturing sites. Offices and manufacturing sites throughout the Group have waste recycling points to enable the sorting of waste into different recycling streams (paper, glass, plastics, ink toners and batteries).

This Annual Report is produced using vegetable-based inks and materials approved by The Forest Stewardship Council. We also encourage our shareholders to receive the Annual Report electronically thereby saving on production and distribution resources and costs.

Most of the Group's operating sites including the Head Office, Divisional head offices and business units have video conference facilities in place enabling employees to video conference with both internal and external parties, reducing the need for business travel.

In accordance with the Greenhouse Gas Emissions (Directors Reports) Regulations and the requirement to report on greenhouse gas emissions from 1 October 2013, we have developed processes to accurately capture and report all material Scope 1 and 2 emissions as defined by the Greenhouse Gas protocol as of 31 December 2014. We have applied the financial control basis for our reporting boundary. These emissions have been recorded at 20 of our major operating sites in the 12 months to 30 September 2014, and arise from on-site energy use and any fugitive emissions, and transport from owned vehicles. We have identified these major operating sites as the material sites for the Group for this requirement as it covers our principal sites including: Feltre, Italy; Bury St Edmunds, UK; Cartago, Costa Rica; Burbank, US; Mount Olive, US; Ashby-de-la-Zouch, UK; and Shelton, US. These sites account for over 95% of the Group by revenue. We have excluded our smaller sites as their size and scale of operations are not material with respect to their Scope 1 and 2 emissions. For this reporting year we have included Teradek that was acquired in August 2013 but was excluded from the 2013 year end numbers. As well as enabling the reporting of emissions, this information will enable us to identify potential cost savings going forward.

Our most significant emissions arise from the use of electricity which makes up all our Scope 2 emissions. Approximately two thirds of our Scope 1 emissions arise from the use of natural gas with the remainder mostly arising from transport fuel. All our emissions have been calculated using the latest Defra conversion factors available at www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses.

Greenhouse Gas Emissions for the period from 1 October 2013 to 30 September 2014 (Tonnes of CO_2 equivalent)

	2014	2013
Scope 1 emissions	**1,653**	1,713
Scope 2 emissions	**4,923**	4,389
Total gross emissions	**6,576**	6,102
Total carbon emissions per £m of Group revenue	**21.2**	19.3

We have selected a reporting date of 30 September each year to enable accurate data to be collated to compile the table above in time for inclusion in this Annual Report. We have conducted an internal review to check the completeness and accuracy of the reported data.

Potential areas of saving have been identified in our larger production sites in the UK, Italy and Costa Rica. These include energy efficient lighting, staff awareness, regular maintenance programmes, optimisation of machinery and equipment switch off, and optimisation of control around air conditioning. Associated capital requirements and payback periods will be assessed as opportunities arise to identify the best opportunities to pursue, balancing the need to deliver on other business priorities in 2015 and beyond.

Corporate Responsibility

Employees

Our Vision

Be a responsible employer providing attractive opportunities for our people to develop.

Our Approach

We are attracting and engaging a committed workforce, ensuring diversity and non-discrimination. Vitec is committed to respecting the UN Universal Declaration of Human Rights.

Our people are a key asset for the Group

Our employees are critical to our success. Passionate, motivated and skilled employees in a good working environment directly contribute to our strategy, performance and reputation.

In 2014 we continued to focus time and resource on our employees, including initiatives on subjects such as wellbeing, engagement, diversity, employee benefits and training events.

As an example, our site in Cartago, Costa Rica has received an award from Great Place to Work® recognising the good employment practices in the business. The award recognises five specific areas of employee satisfaction as measured by an all-employee survey: credibility, respect, impartiality, pride and partnership.

Health and Safety

The provision of a healthy, safe and productive work environment for all our employees is a priority for Vitec, for which all our management and employees are responsible.

We have continued to impress the need for excellent health and safety procedures in compliance with the Group's Health and Safety Policy, which is available on our website. This policy sets the Group-wide guidelines for the prevention of accidents and work-related ill-health and provides guidance for the adequate control of health and safety risks arising from work-related accidents.

All accidents and near misses, whether they result in absence from work or not, are reported with remedial action identified and implemented to prevent such occurrences in the future. Reporting is prompt and any accident resulting in over three days' absence is reported to senior Divisional management as well as the Group Chief Executive within 24 hours. Our eight year accident record is shown opposite, which details the number of accidents resulting in over three days' absence from work across the Group. This demonstrates continued improvement in this area across the Group's operations and we will continue to develop our practices to deliver further improvements in this important area.

Our eight year accident record

2014
1 accident
representing 53 accidents per 100,000 employees
Average number of employees – 1,876

2013
4 accidents
representing 211 accidents per 100,000 employees
Average number of employees – 1,898

2012
6 accidents
representing 288 accidents per 100,000 employees
Average number of employees – 2,085

2011
8 accidents
representing 390 accidents per 100,000 employees
Average number of employees – 2,052

2010
10 accidents
representing 525 accidents per 100,000 employees
Average number of employees – 1,907

2009
10 accidents
representing 511 accidents per 100,000 employees
Average number of employees – 1,957

2008
16 accidents
representing 723 accidents per 100,000 employees
Average number of employees – 2,214

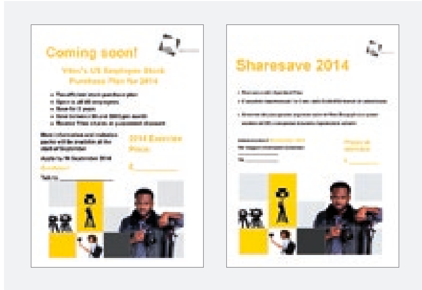
2007
20 accidents
representing 976 per 100,000 employees
Average number of employees – 2,049

There have been no work related fatalities since the Group began collating health and safety statistics in 2002.

The Operations Executive reviews health and safety performance every month, discussing any incidents of note, sharing best practice initiatives and supports the Divisions in the management of local health and safety committees and the implementation of regular training activity. The Group Chief Executive updates the Board regularly on health and safety performance by way of monthly reports and verbal updates at Board meetings.

Stephen Bird briefs employees at the 2014 regional management presentations.


The Broadcast site in Cartago, Costa Rica, receiving its Great Place to Work award.



The 2014 Sharesave invitation was offered to employees in six countries.

Employees receive training on health and safety procedures that are appropriate to their line of work and environment. This may, for example, involve training in warehouse operations, working at heights, fire safety or more general initiatives to make employees aware of the dangers that can be encountered in the execution of their various duties. Within each of the Group's Divisions separate assessment and training appropriate to operations is carried out for health and safety. For example, the Photographic sites at Bassano and Feltre, Italy, had their OHSAS 18001 occupational health and safety certification confirmed in 2014. Employees are regularly reminded of the need to work safely with posters on notice boards at all sites. Health and Safety Committees at all major sites hold regular meetings to review safety, ensure that operating practices are safe and address potential safety concerns. At the Photographic manufacturing sites in Feltre, Italy and Ashby-de-la-Zouch, UK, a procedure has been set up to observe employees' health and safety behaviour in the workplace. Using an industrial safety management approach, the procedure checks employees' working practices are compliant with standards and procedures related to personal protective equipment, tools, substances, machinery, handling and other activities and enables feedback to be given to avoid workplace accidents. In 2014 a total of 27,239 actions of work were observed at both sites with an average of 99.5 per cent compliance with safe working practices.

The site at Bury St Edmunds, UK and Cartago, Costa Rica in 2014 have further been awarded the OHSAS 18001 occupational health and safety accreditation. This confirms that the sites have in place a robust health and safety management system with policies, procedures and controls needed to achieve the best possible working conditions, aligned to internationally recognised best practice.

Engagement

We aim to provide our employees with an engaging and stimulating environment where they are encouraged to learn and develop. We communicate with our employees on a regular basis, keeping them informed of business performance at a Group, Divisional and business unit level. Reflecting the diverse global nature of our employees we use multiple channels and a variety of media to communicate with them.

A business overview, focusing on results and key events, is shared with all employees via two annual, global communication videos presented by the Group Chief Executive.

In November 2014 several regional presentations were held in the US (West Coast and East Coast), Italy, UK and China, involving the Group Chief Executive, Group Finance Director, Divisional management and senior managers across the Group covering strategy, results and achievements. This local format enabled approximately 600 employees to attend and hear first-hand from the Group Chief Executive updates on key messages and core business priorities.

Alongside Group-wide communications, employees receive briefings on performance and business issues on a regular basis from Divisional and business unit senior management. This takes the form of internal announcements, breakfast meetings with Divisional management, quarterly business updates via video and intranet sites.

As an example of the progress made within Divisional communications, during 2014 the Photographic Division developed and launched a division-wide intranet to which all employees are directed when opening a web browser. The site contains divisional news, policies, organisation structure charts, key contacts and more. The Broadcast Division is due to launch its intranet in 2015 and a working group has been formed to consolidate both intranets into a group-wide intranet during 2015. The Broadcast Division has also consolidated and increased its internal communications by launching a new internal portal "Informed", which focuses on product news and sales team resources and is supported by a weekly digital newsletter.

Employees are also sent local communications, with each Division delivering its own employee newsletter: "Snapshot" within the Photographic Division is published quarterly and "The View" within the Broadcast Division.

We further communicate with our employees through our Group website. This contains a section on Working at Vitec including career opportunities throughout the Group.

Wellbeing

Good3

The Good3 project, launched in 2011 by the Group's Photographic Division, continued in 2014 with more initiatives undertaken at several sites.

The programme was developed to help employees stay healthy, by providing them with training and tools to develop good habits in the areas of diet, exercise and the prevention of illnesses. One example includes discounted gym memberships at the principal Italian sites of Bassano and Feltre and Manfrotto's US distribution business based in New Jersey. Healthy eating initiatives also continued to be promoted with a Good3 discounted healthy product line included within site vending machines.

The focus on educating employees to enable them to make healthy decisions is also active within the Broadcast Division. Initiatives across the globe include occupational health services and talks and the cycle to work scheme under the Government's cycle initiative in the UK, annual flu vaccinations, healthy eating, health and safety initiatives and exercise programmes across the UK, US and Costa Rica.

Working environment
We continue to invest in improving the work environment for our employees, creating contemporary spaces with upgraded technology and communication systems that enable collaboration and personal efficiency. We expanded our manufacturing operations in Cartago, Costa Rica and relocated several of our US businesses into new sites improving the working environment and working efficiencies.

Improving manufacturing quality and operational excellence have been a key focus at Bury St Edmunds, UK. A Continuous Improvement Proactive Quality Assurance (CIPQA) team has been established and we continue to develop individuals' skills at the site through additional training. To build on the culture of improvement during 2015, 16 employees will be trained as "Green Belts" to work on removing waste from our processes.

We have also listened to and responded to our employees' views. 2014 has seen further promotion of family friendly working with a focus on eliminating negative work patterns and stress. Initiatives linked to this have included flexible working opportunities for all Broadcast UK employees and the launch of the US East Coast summer hours programme, where employees were able to adjust their working hours during the week and finish early each Friday. Within the Photographic Division, a supplementary labour agreement has presented new flexible working opportunities and an improved working environment for employees, with a specific focus on women in terms of work/life balance.

Benefits
We employ around 1,900 employees in 12 countries who are managed in accordance with local employment legislation, policies and our organisational values. Attracting the talent we need and retaining their commitment to our organisation in all of the territories we operate in has required the organisation to commence an assertive approach to our benefits packages, to support our employees and remain competitive in a global market where talent is in short supply.

In the US our employees participate in a consolidated Health Benefits Plan that provides a valued level of healthcare. Similar plans are offered to employees in other territories.

Employees are also given the option to join pension plans appropriate to local markets. In the UK this involves a Company approved pension plan with minimum employer and employee contributions and in the US a 401k plan. In the UK during 2014 we successfully implemented auto-enrolment for those employees who had not already joined the Company pension plan with a staging date of 1 April 2014. Just under 100 employees were auto-enrolled into a Company pension arrangement with Standard Life and all employees in the UK, except for those who have expressly opted out, are now in a qualifying pension plan.

All employees in the UK, US, Italy, Costa Rica, France and Germany are given the opportunity to join an all-employee Sharesave scheme on an annual basis, enabling the employee to save to purchase shares in the Company at a discounted rate. Employees save a fixed monthly amount of up to £350 (or $500 in the US or foreign currency equivalent in other territories) over a fixed term (usually three years but two years in the US) with the option to purchase a fixed number of shares at a discount of up to 20% on the prevailing share price at the time of the offer. Participation in the Sharesave scheme is good, with the following levels achieved in 2014:

Sharesave participation in 2014

Country	Number of eligible employees	Number of accounts opened	Take-up
US	439	207	47%
UK	345	145	42%
Italy	501	29	6%
Germany	50	25	50%
Costa Rica	198	19	10%
France	14	8	57%

We plan to continue offering Sharesave to our employees in future years.

The Photographic Division's Italian sites offer employees a Vitec Shopping Card that allows employees to benefit from special prices on food, drink, travel, clothing, sport, cinema and medicine through agreements with local retailers. These discounts of up to 50% help employees to increase their purchasing power.

Capability and development

Learning and development activity continued to take place in our businesses in accordance with personal development plans, results of annual performance appraisals and organisational need. The Organisation and Talent Review (OTR) has continued to be developed to fully understand the organisation's capacity and capability for achieving its strategic plans. The OTR enables the Operations Executive to create the leadership pipeline for its critical roles and specify the development requirements to be offered to employees.

The performance appraisal process, in operation in both Divisions, provides the opportunity for the employee to discuss current performance and future potential with their line manager in an objective and positive manner. The development needs identified by the discussions will continue to be used to enhance the global programme of talent development for release more widely across the Group.

In 2014, the Photographic Division developed a new performance appraisal process and system for all its employees. The new system is designed to set an employee's annual objectives, aligning them to individuals' competencies and the values and strategic priorities of the business. The system was developed with the collaboration of trade unions and Pisa University and will be launched to all employees in the Division in 2015. The new system will enable the business to manage employees' performance in a fair and inclusive way with a structure that is common across the Division, enabling career development that is aligned to the strategic objectives of the business.

Targeted learning and development activities have continued within the Divisions. In 2014, Broadcast continued its Training Academy, delivering product and sales training across all brands to employees at three training academy sites in Germany, the UK and the US. Individual and departmental training

FTSE4Good

Vitec is a member of the FTSE4Good index.

Employees in Costa Rica completed a sponsored walk to raise funds to provide free mammograms at a local hospital.

WISE a campaign to promote women in science, technology and engineering

Vitec supported the WISE Awards in 2014, recognising women in the fields of science, technology and engineering.

programmes have also been launched to increase capabilities in sales, engineering and management. This is a long-term initiative for the Division with a calendar of training and supporting activity planned for 2015. The UK site at Bury St Edmunds is sponsoring two apprentices through its links with the local technical college and has accommodated an engineering graduate from Coventry University through his industrial year. At the Costa Rican site, links with the local technical college are well established and in 2014, three students fulfilled their technical training there. Within the Photographic Division, Manfrotto's School of Xcellence Shoot and Share training programme continued to educate employees on photography and videography. 18 seminars were attended by more than 220 employees and guests throughout 2014.

In 2014, Manfrotto Distribution in the US undertook a structured training and development programme identifying obstacles to progress, the development of collaborative working and the need to embrace change collectively. The programme ran over several months involving an investment of time and funds. Over 40 employees took part, resulting in a step change in the business' performance.

Equal opportunity

Vitec has an equal opportunities culture with an express prohibition on discrimination of any kind. In 2011, Lord Davies' report on Women on Boards was considered by the Board leading to a reiteration of our diversity statement, which is set out on page 45 of the Governance Report and on our website. The Board has continued to monitor progress on this issue and the Group Chief Executive is responsible for developing diversity throughout the Group. The organisation's current gender breakdown is as follows:

Gender statistics as at 31 December 2014

	Number of men	% of men	Number of women	% of women
Board	6	75%	2	25%
Operations Executive	6	100%	0	0%
Senior Management	17	85%	3	15%
Rest of organisation	1,190	70%	503	30%

This data does not include contractors

We continue to recognise the importance of diversity throughout our workforce and the human resources teams continue with efforts to attract women to Vitec and encourage them to apply for promotions. We continue to strive to employ a diverse workforce.

Vitec's approach to diversity has always followed a strict policy of sourcing the best person for the role irrespective of race, gender, age or disability. We are keen to develop further the recruitment of talented women to the organisation at all levels and are developing policies and procedures across the Group to achieve this. During the year all senior women were encouraged to complete a personal development plan and these were reviewed by the Group Chief Executive. As a result, mentoring and development plans have been put in place and are managed by the divisional HR teams. In 2015, all senior employees will be encouraged to create their own personal development plans to continually monitor their progress and learning.

Recruitment processes have been reviewed to ensure a diverse mix of candidates is reviewed and shortlisted for interviews, where appropriate, with a view to increasing the number of women in senior roles. Flexible working policies have been introduced in all the major business units, allowing all employees, regardless of gender, to request flexible working. This is usually granted, unless the needs of the business cannot otherwise be met. In 2014, we supported the National Women in Engineering day, as explained later in this report, and were a silver sponsor of the Women In Science and Engineering Awards, an organisation which aims to promote science, technology, engineering and mathematics to young women. As part of this initiative, representatives of the Group attended a seminar to learn from other organisations about ways in which companies can encourage and support women into roles in science, technology, engineering and maths industries. Learning points from the seminar have been shared with HR teams and will be implemented in 2015.

It is Vitec's policy that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled all reasonable effort is made to ensure that their employment within the Group continues. It is our policy that the training, career development and promotion of disabled persons should be, as far as possible, identical to that of all other employees.

Working at Vitec
www.vitecgroup.com/working_at_vitec

Corporate Responsibility

Community & Charitable Donations

Our Vision

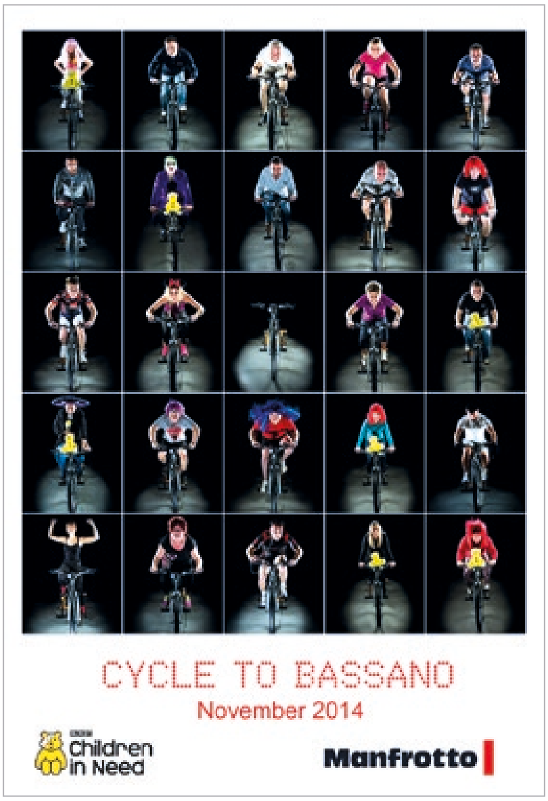
Support the communities in which we operate.

Our Approach

We emphasise initiatives and projects strongly backed by employees, that are relevant to what we do and can be supported for several years.

We have continued to support charitable and community based causes in 2014. The following are a few examples of the good work completed by our employees in the communities within which we operate.

BBC Children in Need



In November 2014, staff at Manfrotto UK's Ashby-de-la-Zouch site undertook a fixed bike challenge in the canteen where staff cycled the distance from Ashby-de-la-Zouch to Manfrotto's divisional headquarters in Bassano, Italy. The challenge was part of the Good3 initiative raising awareness of healthy bodies, exercise and work-life balance, with the added benefits of bringing employees at these two sites closer together and raising money for a worthwhile charitable cause. During the week-long event, culminating with a fancy dress cycle session, employees cycled 1,064 miles and raised donations which the Company matched, donating a total of £3,654 to BBC Children in Need.

National Women in Engineering Day

In June 2014, the Bury St Edmunds, UK, site supported National Women in Engineering Day, to celebrate the Women's Engineering Society's 95th anniversary. Students from local schools visited the Bury St Edmunds facility taking part in engineering inspired activities and hearing from women engineers on the attractions of a career in engineering.

This included a tour of the facility showcasing our manufacturing operation and a challenge to make a paper aeroplane fly the furthest. Apart from being good fun, the students had the opportunity to ask engineering related questions with positive feedback from the schools following the visit affirming that girls were choosing their GCSE options with engineering in mind.

Bexel's support for The V Foundation for Cancer Research

In July 2014, Bexel supported the 14th ESPYS Celebrity Golf Classic which benefits The V Foundation for Cancer Research. Bexel donated $40,000 towards ESPYS' fundraising efforts plus provision of audio visual equipment and labour to support the charitable event.

Continuing our University support

Vitec has continued support of Kingston University's Television and Video Technology department. Further to financial donations made over several years, the Company has agreed to provide the time and services of certain employees to provide training for students at the University in the use of broadcast equipment and other general broadcast training. This will include giving over 200 students the opportunity to use first-hand the Company's broadcast and photographic equipment including Vinten, Manfrotto and Autoscript products.

The Costa Rica site also donated equipment to the Universidad de Costa Rica worth $11,200 to promote the use of the Company's products with students.

WaterAid and Reaching the Unreached

Manfrotto UK continued their support to WaterAid in 2014 with a donation of £1,500. This charity helps some of the poorest people in Africa, India and Pakistan to gain access to safe water, sanitation and hygiene. The business also maintained its links with Reaching the Unreached with a donation of £3,500 to this UK registered charity that supports charitable work in India for the poor, promoting projects involving water, food, medicine and education.

Cheru Cup

Manfrotto Italy held their third edition of the Cheru Cup in June 2014, an annual football event involving four teams of employees to mark the life of a former employee who passed away. The event raised €1,865 which was donated to "Citta della Speranza" a local Italian foundation helping children suffering from onco hematology diseases.

Picture of Life

In 2014, Manfrotto Italy introduced an educational photography programme for young people from underprivileged backgrounds in Naples, Italy involving the Jonathan rehabilitation centre in Scisciano. It consisted of a three month educational programme that led towards a professional qualification in theoretical and practical photography lessons provided by teachers from the Manfrotto School of Xcellence. The programme provided each participant with photographic equipment including a camera, tripod, bag and lighting equipment. In addition to giving these young people an opportunity to gain new skills in photographic techniques, the most passionate and skilled student has secured the opportunity to work with Manfrotto on product communications and the Manfrotto website. Manfrotto launched the programme again in Verona, Italy in November 2014 and in 2015 is looking at opportunities to extend this into other territories including the UK.

Board of Directors

			
John McDonough CBE, BSc (Eng)	**Stephen Bird** MA	**Paul Hayes** M.Eng & Man, ACA	**Carolyn Fairbairn** BA, MA, MBA
Role Chairman	Group Chief Executive	Group Finance Director	Independent Non-Executive Director
Appointed 15 March 2012 (Chairman from 1 June 2012)	14 April 2009	13 June 2011	1 February 2012
Nationality British	British	British	British
Age 63	54	48	54
Committee membership Nominations (Chairman)	Nominations	-	Audit Nominations Remuneration (Chairman)
Skills & experience John is also Chairman of Vesuvius plc. He was most recently Group Chief Executive of Carillion plc from January 2001 to December 2011. Previously he was a non-executive director of Tomkins plc from June 2007 to September 2010, where he was also Chairman of the Remuneration Committee, and Exel plc from February 2004 to December 2005. Prior to Carillion, John worked for Johnson Controls and Massey Ferguson.	Stephen is currently a non-executive director and senior independent director of Dialight plc. He was formerly a non-executive director of Umeco plc. Previously he was Divisional Managing Director of Weir Oil & Gas, part of Weir Group plc. Prior to this he worked in senior roles at Danaher Corporation, Black & Decker, Unipart Group, Hepworth PLC and Technicolor Group.	Paul was previously Group Financial Controller at Signet Jewelers Limited between 2007 and 2011. Prior to that, he held a senior role at RHM plc from 2004 to 2007, through its flotation in 2005 and subsequent sale to Premier Foods plc. Paul was with Smiths Group plc for over ten years from 1993, including a number of divisional and operating company finance director roles. He is a Chartered Accountant having qualified with EY, and has a first class Masters degree in Mechanical Engineering.	Carolyn is currently a non-executive director of Lloyds Banking Group plc, Capita plc, the UK Statistics Authority and the Competition and Markets Authority. She was previously a non-executive director of the Financial Services Authority between 2007 and 2011. Until April 2011, she was Director of Group Development and Strategy at ITV plc, having also spent five years as Director of Strategy at the BBC and a member of its Executive Board. She has also been a partner at McKinsey, where she specialised in media, and a policy adviser in the Number 10 Policy Unit.




	Christopher Humphrey BA, MBA, FCMA	**Nigel Moore** FCA	**Lorraine Rienecker** B.Eng, MBA	**Mark Rollins** B.Eng, ACA
Role	Independent Non-Executive Director	Independent Non-Executive Director; Senior Independent Director	Independent Non-Executive Director	Independent Non-Executive Director
Appointed	1 December 2013	1 March 2004	1 December 2013	2 October 2013
Nationality	British	British	British	British
Age	57	70	51	52
Committee membership	Audit Nominations Remuneration	Audit (Chairman) Nominations Remuneration	Audit Nominations Remuneration	Audit Nominations Remuneration
Skills & experience	Christopher is currently Group Chief Executive Officer of Anite plc, holding that position since 2008. Previously he was their Group Finance Director between 2003 and 2008. He has held senior positions in finance at Conoco, Eurotherm International plc and Critchley Group plc. He was previously a non-executive director of Alterian plc between 2011 and 2012. He is a Chartered Management Accountant and a Fellow of CIMA. At the close of the 2015 AGM he will become Chairman of the Audit Committee.	Nigel is currently Chairman of JKX Oil & Gas plc, and a non-executive director of Hochschild Mining plc and Ascent Resources plc. Formerly a London based partner of EY, where he was engagement partner for a number of significant client companies with specific responsibilities for their audits. He will be retiring from the Board at the close of the 2015 AGM.	Lorraine is currently President, Meggitt Aftermarket & Customer Support, having previously held the role of Executive Vice President, Strategy, Sales & Marketing at Meggitt plc between 2005 and 2014. Previously she was Director of Strategy & Planning at BAE Systems and Marconi Electronic Systems (GEC) between 1998 and 2002 and has held several other senior roles at Booz Allen & Hamilton and Bombardier.	Mark is currently Chief Executive of Senior plc, being appointed to that position in March 2008. He joined Senior plc in 1998 from Morgan Crucible plc, and became Group Finance Director in 2000. He was formerly a non-executive director of WSP Group from 2006 to 2012. He is a Chartered Accountant and holds a first class degree in Engineering. At the close of the 2015 AGM he will become the Senior Independent Director.

Corporate Governance

Chairman John McDonough, CBE describes Vitec's corporate governance framework and the work of the Board and its committees during 2014

Corporate Governance online
www.vitecgroup.com/corporate_governance

Your Board, under my Chairmanship, is responsible to all Vitec's stakeholders for providing strong leadership and effective decision-making to ensure the continued success of the Group and the implementation of our strategy. This report explains how the Board and Operations Executive during 2014 has operated in delivering this and setting the right tone from the top. We strive to work in accordance with best corporate governance practice and evolve those practices and procedures to deliver long-term sustainable shareholder value.

The Board has been refreshed with new skills and widened diversity following the appointments of Mark Rollins, Lorraine Rienecker and Christopher Humphrey in late 2013. In 2014, the newly appointed Directors have focused on getting to know the business and each other, spending time visiting sites and meeting our employees, and building on their knowledge of the Group. In the latter part of the year, the Board visited operations in Los Angeles, US, visiting Bexel and Teradek and an external studio where the Group's products were seen in operation. Further, I visited the key operating sites in Italy, the US and the UK. I have also met with several major shareholders during 2014 to hear first-hand their views on the business, governance and remuneration matters, and to ensure we continue with a clear and open dialogue.

An externally facilitated Board evaluation was completed towards the end of 2014, the first under my Chairmanship. I am pleased to report that the Board was considered to be performing effectively and to a high standard with clear objectives and modus operandi. I cover this in more detail later in my report.

The Board has spent a significant amount of time reviewing and evaluating the Group's strategy and future prospects, the outcome of which can be seen on page 12 where we set out our strategic priorities. I am confident that we have the right strategic plan in place and right executive team to generate good returns for our shareholders. This has included the consolidation of our business operations into two reporting divisions: Broadcast and Photographic. Alongside the strategic review we have considered the Group's principal risks and the associated processes and procedures to mitigate them. Further detail can be found on pages 18 and 19.

After serving on the Board since March 2004, Nigel Moore will stand down as a Non-Executive Director, Chairman of the Audit Committee and Senior Independent Director at the close of the 2015 AGM. I would like to thank Nigel for his considerable contribution to the Company during his tenure. The Nominations Committee has primarily focused on succession for the roles of Chairman of the Audit Committee and Senior Independent Director during the year, while continuing to bear in mind the overall skills of the individual Board members and balance of the Board as a whole. Christopher Humphrey will therefore be appointed to the role of Chairman of the Audit Committee with effect from the close of the 2015 AGM. Having joined the Board on 1 December 2013, Christopher has undertaken a thorough induction to the Group, having visited a number of our sites and meeting with the Group Finance Director and Audit Partner to better understand our financial operations. Christopher has also been shadowing Nigel in his role as Audit Committee Chairman for the past six months, ensuring that a thorough handover takes place. Christopher has recent and relevant financial experience being a Chartered Management Accountant and has previously served as a group finance director in two listed Groups.

Mark Rollins will be appointed Senior Independent Director with effect from the close of the 2015 AGM. Mark has extensive operational experience as a director of listed companies with a wide experience of shareholder matters during his most recent role as Chief Executive of Senior plc.

Following the 2015 AGM, the Board will comprise seven directors including myself as Chairman, four independent Non-Executive Directors and two Executive Directors. I believe this to be the right size for the Board given the scale of our operations. Each Director has skills in the areas of strategy, finance and technology to assist with the implementation of our strategy. They also enhance our diversity in terms of gender, professional and global experience. Three of our Directors are currently working in other international companies, ensuring they have relevant and current global commercial experience of the fast-paced changing environment in which we operate.

Strategic Report
Corporate Responsibility
Corporate Governance
Remuneration Report
Independent Auditor's Report
Financial Statements

Carolyn Fairbairn and I have served on the Board for three years in 2015. In December 2014 the Board agreed that both Carolyn and I remained committed to the Board and possessed the requisite skills to continue in our current roles. Our terms of appointment have been renewed for further three year periods to last until 2018, subject to our reappointment at each AGM. Your Board and their biographies are set out on pages 38 and 39.

My governance review has taken into account the 2012 UK Corporate Governance Code ("the Code"), and explains how we have applied its Main Principles. I confirm that the 2014 Annual Report has been drafted in full compliance with the latest version of the Code as it applies to financial years ending 31 December 2014 including its supporting principles and provisions. Each has been complied with throughout 2014, as required by the Listing Rules. We have also taken into account the 2014 UK Corporate Governance Code and the Board has elected for early adoption of some of the new Code provisions on a best practice basis. We will report fully against the revised Code in 2015's Annual Report.

Leadership

The Board is responsible to shareholders for the creation and delivery of sustainable performance and long-term shareholder value. However, there are separate roles for each member of the Board and we have agreed a clear division of responsibilities between the Chairman and Group Chief Executive. Full details of our respective roles and responsibilities can be found on our website and these are reviewed annually.

It is my responsibility to manage the Board ensuring its effectiveness in all aspects of its role. I work closely with the Group Chief Executive and Group Company Secretary to achieve this by ensuring that: all Directors are kept advised of key developments; they receive accurate, timely and clear information; and they actively participate in the decision-making process. Board agendas are reviewed and agreed in advance to ensure each Board meeting utilises the Board's time most efficiently. I encourage all Board members to openly and constructively challenge the proposals made by executive management led by the Group Chief Executive. I ensure that each Director properly exercises the power vested in them and in accordance with the Company's Articles of Association, relevant law and any directions as provided by the Company in general meeting. Apart from the remuneration of Directors or Directors' fees there were no instances when a Director had to abstain from voting on a matter due to a conflict of interest during 2014. The Board has adopted a formal procedure for dealing with any such conflicts or potential conflicts of interest. During the year, the proposed acquisition of Autocue Group Limited was referred to the Competition and Markets Authority, of which Carolyn Fairbairn is a non-executive director. Under the Company's Articles of Association, having declared this conflict in advance, Carolyn was able to participate in the discussions and decision making on this acquisition.

The Group Chief Executive is responsible for managing the day-to-day running of the business. The Operations Executive supports the Group Chief Executive in this duty, the six members of which are shown on page 6. The Group Chief Executive and I have a good working relationship, meeting at least monthly outside of scheduled Board meetings and speaking regularly to discuss strategy and performance, and to ensure that Board meetings cover relevant matters. Our relationship and regular dialogue helps to underpin the working of the Board, providing for an open forum in which matters are discussed.

Nigel Moore is the Senior Independent Director having been appointed to that position in May 2011. In this role, Nigel has overseen my evaluation as part of the 2014 external Board evaluation process. This was an important task given this was our first externally facilitated evaluation under my Chairmanship. Further information on the outcome of my evaluation is provided later in the report. As mentioned in my introduction, following the close of the 2015 AGM, Mark Rollins will be appointed Senior Independent Director and Mark will continue to support me in this role.

The Board operates under a Schedule of Matters Reserved to it which includes, among other items: consideration and development of the Group's strategy; setting of annual operating budgets; regular review of progress against strategy and budgets; financial results; dividends; changes in Board composition including key roles; acquisitions and disposals; material litigation; capital structure; risk management strategy; and various statutory and regulatory approvals. During 2014, the Schedule of Matters Reserved to the Board was reviewed and updated to ensure compliance with best practice. The full Schedule of Matters Reserved to the Board is available on our website.

The Board has taken into account the Code requirement that it confirms that the Annual Report taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, and has retained this power for itself. To achieve this we have again asked the Executive Directors and Operations Executive to provide us with clear documentary evidence around the content and process of the 2014 Annual Report. The Audit Committee has confirmed to us that the financial statements as contained in the 2014 Annual Report are true and fair and that the work of the external auditor has been accurate and effective. On the basis of this process, we are able to confirm that the 2014 Annual Report taken as a whole is fair, balanced and understandable through reliance on management and knowledge of the following processes:

- a detailed planning stage including drafting guidance and coordinated project management;
- a verification process dealing with the factual content of the Annual Report;
- comprehensive reviews undertaken at different levels in the Group that aim to ensure consistency and overall balance; and
- comprehensive review by the senior management team.

Corporate Governance

Board activities during 2014

The Board dealt with a diverse range of matters during 2014 which are summarised here.

At each scheduled meeting the following standing items are considered:

- Confirms compliance with Directors' duties and considers any new conflicts of interest
- Reviews minutes of previous meetings
- Reviews actions from previous meetings
- Reviews progress against agreed Board objectives
- Reviews reports from the Group Chief Executive, Group Finance Director, Group Company Secretary and Group Development and HR Director on key aspects of the business including health and safety, current trading, strategy, acquisitions and disposals, financial results, governance and HR
- Reviews performance against KPIs

There were six scheduled Board meetings and one short notice Board meeting in 2014. Apart from the standing items described above, the following is a summary of the material items considered at each meeting in 2014:

February (held in Richmond, UK)

- Annual Results, including review and approval, where appropriate, of:
  - Report from the Audit Committee Chairman
  - Report from the Remuneration Committee Chairman
  - Principal risks and mitigation
  - Report on going concern
  - Final dividend recommendation
  - Full year results announcement for the year ended 31 December 2013
  - 2013 Annual Report including an assessment that the Report is fair, balanced and understandable
  - Resolutions to be submitted to the AGM and content of Notice of AGM
  - Management Representation letter
- Appointment of KPMG LLP as auditor
- Group strategy update
- Received update on talent, succession planning below Board level and diversity
- Considered discretionary increases for the Vitec Group Pension Scheme
- Approved capital expenditure project for Haigh-Farr
- Approved changes to Sharesave plan rules following changes implemented in the 2013 Finance Act

May (held in central London, UK)

- Received a briefing on the business to be conducted at the AGM
- Considered the content of the Interim Management Statement (including re-forecasted 2014 budget)
- Agreed on engaging Lintstock to complete the formal Board evaluation process for 2014
- Group strategy update
- Approved capital expenditure project for Bexel
- Approved new rules for the Deferred Bonus Plan
- Considered a proposal to increase the total monthly Sharesave savings limit per employee
- Received an update on the status of the auto enrolment process for pensions
- Board training on investor relations
- Approved property lease for Haigh-Farr

June (held in Richmond, UK)

- Received an update on Group strategy and the IMT business
- Received strategic updates from the Photographic and Broadcast Divisional Chief Executives
- Reviewed the Group's 2014/15 insurance renewals
- Reviewed actuarial report on the Group's UK pension scheme as at 5 April 2014
- Agreed to extend the term of appointment of the Chairman of the Pension Scheme until 2018
- Considered a paper on investors' views to be taken into consideration for the 2014 Annual Report and 2015 AGM
- Report from the Audit Committee Chairman
- Report from the Nominations Committee Chairman

August (held in Richmond, UK)

- Half year results, including review and approval, where appropriate, of:
  - Report from the Audit Committee Chairman
  - Principal risks and mitigation
  - Report on going concern
  - Interim dividend
  - Half year results announcement for the period ended 30 June 2014
  - Management Representation letter
- Report from the Remuneration Committee Chairman
- Considered an update on Board composition
- Reviewed a paper on technology updates that would be provided to future meetings
- Reviewed the re-forecasted 2014 budget
- Post-acquisition review of Teradek
- Group strategy update including the proposed exit of the IMT business
- Agreed the final format of the 2014 Board evaluation to be conducted by Lintstock
- Approved a proposal to increase the total monthly Sharesave savings limit per employee

October (held in Los Angeles, US)

- Site visit to Teradek and Bexel facilities and off-site TV production studio in Los Angeles
- Market and technology updates for the Broadcast market
- Noted acquisition of Autocue
- Considered the re-forecasted 2014 budget
- Group strategy update including the proposed exit of the IMT business
- Received a strategic update on the Broadcast Division from the Divisional Chief Executive
- Received an update on the process and timing of the Board evaluation
- Update on the Vitec Group Pension Scheme including deed of amendment for administrative matters
- Report from the Nominations Committee Chairman

December (short notice meeting held by conference call)

- Approved in principle the acquisition of the business of SmallHD

December (held in Richmond, UK)

- Received an update on recent investor meetings
- Noted the completion of the disposal of the IMT business in November
- Received a presentation on tripod technology from the Photographic Division
- Received an update on outstanding litigation matters
- Considered and approved the 2015 budget
- Reviewed the outcome of the 2014 external Board evaluation and approved 2015 Board objectives
- Report from the Audit Committee Chairman
- Report from the Remuneration Committee Chairman
- Report from the Nominations Committee Chairman
- Reviewed Board governance arrangements and key policies including the Code of Business Conduct
- Completed capital expenditure project review
- Approved property sale for Photographic Division in Italy
- Reviewed Non-Executive Directors' fees
- Approved the renewal of the three year terms of appointment for the Chairman and Carolyn Fairbairn as Non-Executive Directors

We hold a dinner for the Board around each scheduled Board meeting to enable Directors to discuss current business matters. It also gives an opportunity for senior management or external advisors to attend to give updates on trading, markets or wider industry matters. This is a very useful format enabling a less formal opportunity for the Board to get to know one another and executive management. It also enables the business to be discussed at the Board meeting to be introduced and for more time to consider matters.

At least twice a year we also hold Non-Executive Director only meetings, scheduled around the February and August Board meetings. These enable the Non-Executive Directors to raise any issues that they may wish to without executive management present. In my role as Chairman I feed back to the Executive Directors on these discussions and take any actions necessary to address matters raised.

To monitor its ongoing performance during 2014, the Board set itself several objectives for the year which are detailed in the section on Board performance evaluation. Progress against each objective was tracked at each scheduled Board meeting during 2014. The key output from the 2014 Board evaluation has allowed us to set further objectives for 2015 that I will report on in next year's Annual Report.

In addition to the matters reserved to it, the Board delegates certain items to its principal Committees. I feel it is appropriate to ensure the Board has sufficient time to deal with strategic matters while retaining oversight on salient points by virtue of its Committees. The Board's three principal committees are the Audit, Remuneration and Nominations Committees. Each Committee operates under clear terms of reference which were updated during the year to reflect emerging best practice and, specifically for the Remuneration Committee, the need to comply with the new reporting requirements as set out by the Companies Act 2006. Copies of each Committee's current terms of reference are available on our website.

Each Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties and to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference. Each Committee, at least once a year, reviews its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommends any changes it considers necessary to the Board for approval.

The Remuneration and Audit Committees each agreed their objectives for 2014 in order to monitor their progress and performance. Progress on each objective is set out in this report under the relevant section for that Committee. Objectives for these two Committees have been set for 2015 and an evaluation of progress against these objectives will be reported in next year's Annual Report.

Details of Directors' attendance at Board and Committee meetings is shown in the table on page 51. With one exception, I confirm that all Directors attended each scheduled Board meeting during the year and an explanation is provided where they were unable to attend the meeting called at short notice. When any Director is unable to attend they continue to receive the necessary papers and I seek to contact them in advance of the meeting to obtain their views and decisions on the proposals to be considered. The matter considered at the short-notice meeting held during 2014 had previously been discussed in detail during a scheduled Board meeting.

The Board visited the Teradek and Bexel business sites in Los Angeles, US, in October 2014, along with an external TV production studio where Directors were able to observe the Group's products and services in use during filming. The Board met with senior management at both businesses and learned more about operations, specifically at the newly acquired Teradek business. The Board was given a demonstration of new products, including those still under development and emerging market conditions. The Board intends to hold a meeting at an overseas business each year in the foreseeable future to allow Directors to develop their understanding of operations. Each Director is also encouraged to independently visit operations when appropriate to further their understanding of the business and meet operational management.

The Chairman visiting operations at our Ashby-de-la-Zouch site in 2014

As part of the wider governance framework it is important to explain the workings of the Operations Executive. The Group Chief Executive chairs the monthly meetings of the Operations Executive which discusses ongoing business performance and enables the Group Chief Executive to manage the business with his direct reports. I receive an update from the Group Chief Executive on any salient matters resulting from each meeting.

I was pleased to welcome members of the Operations Executive to a number of Board and Committee meetings during 2014, along with the Group Risk Assurance Manager and Group Financial Controller. Their attendance allows the Board to directly question those senior managers responsible for the business and to gain a better understanding of their respective businesses. This has again been particularly useful during 2014 as we have spent a significant amount of time considering not only the Group's strategy as a whole, but that of each individual Division. We will continue to welcome members of the Operations Executive and other senior management to Board and Committee meetings in the future.

Corporate Governance

Effectiveness

2014 has been a year of stability for the Board, following a year of change in 2013. We have spent time together learning about not only the business but each other's skills and personalities, which helps facilitate effective and constructive Board and Committee meetings. I believe the Board now has the right skills, talent and diversity to effectively deliver the Company's agreed strategy.

Each of the Non-Executive Directors bring independent character and judgement to bear on strategic matters, the performance of the Group, the adequacy of resources and standards of conduct. The Board considers that Carolyn Fairbairn, Christopher Humphrey, Nigel Moore, Lorraine Rienecker and Mark Rollins are independent in accordance with the recommendations of the Code. Each Director brings a complementary set of skills and diversity to the Board, having served in companies of varying size, complexity and market sector. When combined, these skills give your Board the comprehensive skill set required to deliver the strategic objectives of the Group and to ensure its continued success.

On appointment, we provide each Director with a tailored and extensive induction to the Group. Mark Rollins, Christopher Humphrey and Lorraine Rienecker went through this process following their appointments in late 2013, which included meeting with all of their fellow Board members individually, the Operations Executive, key external advisors, receiving briefings on each area of the business and visiting the Group's principal operations including sites in the UK, Italy and the US. Teach-ins were held on the products and services we offer and how each business operates in its chosen markets and segments, along with the internal governance processes and procedures that exist to support our operations. To gain a better understanding of the Group externally, each newly appointed Non-Executive Director met with our corporate advisors including KPMG, Investec, Rothschild, and Slaughter and May. Following the induction process, each Director is encouraged to continue visiting the Group's operations as their schedule permits.

All Directors, having notified me in the first instance, are able to take independent professional advice at the Company's expense in furtherance of their duties. During 2014 no Director felt the need to take such advice. They also have access to the advice and services of the Group Company Secretary, who is responsible for advising the Board, through the Chairman, on all governance matters.

Ongoing training for new Directors and existing Directors is available at the request of the Director. Each Director receives details of relevant training and development courses from both the Group Company Secretary and from external bodies such as KPMG, Deloitte, and Slaughter and May, as the Company's appointed advisors. The requirement for training is discussed at meetings of the Board and of its Committees and I ensure that each Director has the required skills and knowledge to enable them to operate efficiently on the Board. The Group Company Secretary maintains a register of training undertaken by Directors to facilitate this discussion. During the year the Board collectively received training sessions on such matters as product technology, anti-bribery and adequate procedures, investor relations and Broadcast and Photographic market updates. The Board regularly receives written updates on governance, regulatory and financial matters as they are published.

Working with the Group Chief Executive and Group Company Secretary, I ensure that the Board receives papers for consideration so that it gives all Board members adequate time to read, prepare and, where appropriate, ask questions prior to the meeting about the information supplied. The information includes sufficiently detailed budgets, forecasts, strategy papers, reviews of the Group's financial position and operating performance, and annual and half yearly reports. Each Board member receives a detailed monthly report from the Group Chief Executive, Group Finance Director, Group Company Secretary and Group Development and HR Director, plus a Health and Safety Report covering the ongoing performance of the business. The Board receives further information from time to time as and when requested.

All meetings of the Board and its Committees are minuted by the Group Company Secretary or the Deputy Company Secretary. In the first instance, minutes are reviewed by the Chairman of that meeting before being circulated to all Directors in attendance and then tabled for approval at the next meeting. Any concerns raised by Directors are clearly recorded in the minutes of each meeting.

The Board has the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, subject to a maximum number of 15 Directors as prescribed by the Company's Articles. Any Director so appointed shall hold office only until the next AGM and shall then put himself or herself forward to be reappointed by shareholders.

The Chairman and the other Non-Executive Directors are appointed for an initial period of three years which, with the approval of the Nominations Committee and the Board, would normally be extended for a further three years. If it is in the interests of the Group to do so, appointments of Non-Executive Directors may be extended beyond six years, with the approval of the Nominations Committee, the Board and the individual Director concerned. Under the Company's Articles, each Director is required to stand for annual reappointment. In December 2014 the Nominations Committee considered the terms of appointment for myself and Carolyn Fairbairn, given that we had both been appointed as Directors in 2012. After consideration and recommendation to the Board, the Board agreed that our terms of appointment should be renewed for a further three year period, to last until 2018. As mentioned earlier, Nigel Moore will be retiring at the close of the 2015 AGM and will not be standing for reappointment. Full details are included within the 2015 Notice of AGM. The table on the following page sets out the Chairman's and Non-Executive Directors appointment dates and scheduled renewal of terms.

Chairman or Non-Executive Director	Appointment date	First renewal of term due	Second renewal of term due	Annual renewal of term post two three year terms	Notes
John McDonough	15 March 2012	15 March 2015	15 March 2018	Annually from 15 March 2019 onwards	Annual renewal of term will take into account ongoing performance and continuing independence
Nigel Moore	1 March 2004	1 March 2007	1 March 2010	1 March thereafter	Will cease to be a Director from the close of the 2015 AGM on 12 May 2015
Carolyn Fairbairn	1 February 2012	1 February 2015	1 February 2018	Annually from 1 February 2019 onwards	Annual renewal of term will take into account ongoing performance and continuing independence
Mark Rollins	2 October 2013	2 October 2016	2 October 2019	Annually from 2 October 2020 onwards	Annual renewal of term will take into account ongoing performance and continuing independence
Christopher Humphrey	1 December 2013	1 December 2016	1 December 2019	Annually from 1 December 2020 onwards	Annual renewal of term will take into account ongoing performance and continuing independence
Lorraine Rienecker	1 December 2013	1 December 2016	1 December 2019	Annually from 1 December 2020 onwards	Annual renewal of term will take into account ongoing performance and continuing independence

On making appointments to the Board, among other criteria, the issue of diversity is considered. The Board agreed its policy on diversity during 2011 which was reviewed during the year and deemed to remain appropriate. Our statement is set out below, as well as being published on our website:

Vitec recognises the importance of a fully diverse workforce in the successful delivery of its strategy. The effective use of all the skills and talents of our employees is encouraged and this extends to potential new employees. It is essential that the best person for the job is selected regardless of race, gender, religion, age, sexual orientation, physical ability or nationality. Vitec is fully committed to equal opportunity where talent is recognised. The Board will keep under regular review the issue of diversity including at Board level, senior management level and throughout the entire workforce, taking into account among other things Lord Davies' review Women on Boards. We will report upon this issue annually in our Annual Report.

The Employees section of the Corporate Responsibility Report contains further information on diversity, including the disclosure of gender diversity statistics at Board, Operations Executive and senior management level as well as throughout the organisation, in accordance with the requirements of the Companies Act 2006.

Board performance evaluation 2014

We previously conducted an externally facilitated Board evaluation in 2011, and have conducted internal evaluations during 2012 and 2013, the results of which have been disclosed in previous Annual Reports. In line with good corporate governance practices, we undertook an externally facilitated evaluation in 2014, the first under my leadership as Chairman. Following a tender process led by myself and assisted by the Group Company Secretary, we engaged with Lintstock, which does not have any other connection with the Group. Lintstock quickly assimilated themselves with the Board and the Group and created a process and timetable to enable them to facilitate the evaluation.

The process commenced with Lintstock having access to past Board and Committee papers and minutes to familiarise themselves with the Group and the matters discussed during the preceding year. Individual meetings were then held with myself, a number of Directors and the Group Company Secretary, where more specific questions were posed to gain a deeper understanding of the Board's workings. The Group Company Secretary and I worked with Lintstock to develop bespoke questionnaires that would probe Directors to answer questions based on the work completed by the Board during 2014 around the strategic review, leadership, culture and corporate governance, and to understand the relationships and processes underpinning the workings of the Board and its Committees, specifically regarding the performance of individual Directors and their levels of collaboration. These were issued to all Directors and the Group Company Secretary following the Board and Committee meetings held in October, and covered reviews of the Board, each of the three primary Committees (Remuneration, Audit and Nominations) and the Chairman. Lintstock collated the findings into five separate reports which were firstly discussed with the Chairman and Group Company Secretary. The results were then presented to the Board at its meeting in December where the outcomes have helped to shape the Board and Committee objectives for 2015.

Corporate Governance

I am pleased to report that Lintstock concluded your Board is collectively performing well, with excellent processes and governance in place. There is a good Board dynamic. Following the strategic review undertaken in 2014 and our site visits, we are collectively engaged and excited by the opportunities for growth and the challenges we face. Each Committee was also deemed to be effective along with individual Directors contributing time and effort both during and outside of meetings. Non-Executive Directors have demonstrated a willingness to devote sufficient time and effort to understand the Company and its businesses and have provided independent, rigorous and constructive challenge on strategy and operational performance. Board and Committee materials and papers are comprehensive, clear, appropriately detailed and circulated in good time, allowing for meetings to be managed efficiently.

Succession planning for the Board was well-managed and the induction process for newly appointed Directors considered to be comprehensive with an appropriate level of exposure to Board and governance information, people and site visits. Risk appetite and the management of risk were judged as appropriate and well-managed.

Identified in the Board evaluation, key topics that have helped to form the 2015 Board objectives include: Group strategy and tracking of progress against strategic objectives; Board structure; market trends; emerging technology; key risks; and succession planning for the Executive Directors and senior management. I will report to you on progress against each of these objectives in the 2015 Annual Report.

Each of the key Board Committees were reviewed with individual outputs and actions created. As with the Board, the key areas of focus have helped to form the 2015 objectives that will be reported on by each Committee in the 2015 Annual Report. For the Audit Committee, 2015's focus will be on: ensuring a successful induction for the new Audit Committee Chairman; ensuring the Committee continues to regularly review the risk management framework, financial reporting and internal controls; receiving regular training on financial and governance changes; and beginning to consider the timing and process around any future tender of the external auditor. The Remuneration Committee's primary focus will be on ensuring that governance disclosures meet best practice and changing standards, taking into account publications made by investor relations bodies, among others, while the Nominations Committee will focus on succession planning and talent development at and below Executive Director level.

Finally, my review highlighted that I have a good relationship with the Group Chief Executive, Board members and major shareholders. Nigel Moore, as Senior Independent Director, has discussed the outcome of my review and action points with other Directors individually.

Following the internal Board evaluation in 2013, the Board set itself several objectives for 2014. These are summarised below with an evaluation of performance against each:

2014 Board Objectives	Progress during 2014
Develop the Group's strategy to deliver sustainable long-term growth in key markets and ensure clear communication to shareholders	• Received regular updates from each Division on progress against each of their strategic plans with Divisional Chief Executive Officers attending Board meetings • Identified and discussed key areas concerning strategy and agreed programme for ongoing review of strategy • Agreed to focus on Broadcast and Photographic markets • Approved the acquisitions of: the assets of the Special Cameras Division of SIS in March 2014; Autocue Group in October 2014; and SmallHD in December 2014 • Exited the IMT business in November 2014 • Reviewed other corporate action opportunities
Ensure successful induction of all new Board members and finesse succession plans around the Board and its Committees. Ensure external Board evaluation adds value in terms of Board focus on key strategic issues	• Comprehensive induction programmes completed for Mark Rollins, Christopher Humphrey and Lorraine Rienecker including site visits, meeting with key employees and advisors, and governance information • Succession plans for Christopher Humphrey to assume the role of Chairman of the Audit Committee and Mark Rollins to assume the role of Senior Independent Director following the 2015 AGM and subsequent to Nigel Moore retiring from the Board • Completed external Board evaluation in 2014
Develop talent management programme and succession plans to ensure the right depth of talent and skills to innovate and deliver on strategic plans for growth. Continue to embed diversity into the organisation	• Received updates on talent development strategy including succession planning for key roles in the Group • Roll out of flexible working policies to support diversity initiatives • Support introduction of personal development plans for senior women throughout the business
Continue to develop the Group's risk management and oversee the Group's principal risks and uncertainties in light of development of Group strategy. Ensure governance controls and culture are developed to comply with best practice	• Reviewed detailed risk assessment and mitigation process and disclosed principal Group risks in 2013 Annual Report and Half Year Results 2014 • Reviewed results of site governance reviews as conducted by the Group Company Secretary • Development of due diligence and risk assessment research around third parties • Introduced governance arrangements to newly acquired businesses
Gain greater understanding around key market dynamics and emerging technologies	• Received updates on emerging technologies via the strategic review • Schedule of regular Board presentations created to ensure ongoing updates on emerging technology and products at each meeting • Visited the Los Angeles, US, businesses to gain a deeper understanding of operations

Performance evaluations of each of the Executive Directors also took place against achievement of specific personal objectives, the detail of which can be found in the Remuneration Report in respect of the outcome of their 2014 annual bonus.

Overview of the Nominations Committee

The Board has appointed the Nominations Committee to oversee the composition of the Board, senior executive recruitment and succession, and the process for appointments of Directors. The Nominations Committee, that I chair, has agreed terms of reference that are available on the Company's website.

Chairman	Members
John McDonough	**Stephen Bird** **Carolyn Fairbairn** **Christopher Humphrey** **Nigel Moore** **Lorraine Rienecker** **Mark Rollins**

Duties

- Reviews and evaluates the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board
- Considers succession planning for Directors and other key senior executives
- Identifies and nominates to the Board candidates for Board vacancies
- Prepares descriptions of roles and capabilities required for Board appointments
- Reviews the executive and non-executive leadership needs of the Company
- Reviews time commitment of Non-Executive Directors
- Ensures that Non-Executive Directors receive a formal letter of appointment and appropriate induction training

During 2014 the Nominations Committee focused its attention on the roles of the current Non-Executive Directors in the knowledge that Nigel Moore would be approaching the end of his tenure as a Director following the 2015 AGM. The Chairman met with each of the Directors individually to discuss possible succession plans for the roles of the Chairman of the Audit Committee and as Senior Independent Director. Taking into account the skills, experience and time commitment required for each of these roles, it was unanimously agreed by the Nominations Committee that Christopher Humphrey and Mark Rollins would assume the roles of Chairman of the Audit Committee and Senior Independent Director, respectively, given their recent responsibilities and skills in their current executive roles as explained in my introduction.

The Nominations Committee uses the support of external executive search consultants where necessary to facilitate searches for new Directors. There was no engagement with external executive search consultants during 2014.

As a guide should the recruitment of a Director be required, a role specification would be developed bearing in mind any diversity, skills or knowledge gaps in the Board. Initial interviews would be held with candidates with both myself and the Group Chief Executive, following which a shortlist would be created taking into account the skills of each candidate and perceived fit with the Board and senior management team. The majority of the Board would then meet with each preferred candidate individually to ensure that the correct person with the right skills and dynamic fit with the Board was appointed. This same process would occur whether the role was executive or non-executive in nature. However, should a search for the role of Chairman be necessary, this would be conducted by the Senior Independent Director with the support of the Group Chief Executive. Subject to the outcome of each search, a formal recommendation on an appointment is made by the Nominations Committee to the Board for approval.

Following the appointments made during 2013 and the change of roles that will be effective following the 2015 AGM, I am confident that we have a good mix and balance of skills, personalities and diversity on the Board to shape the direction of the Group going forward, deliver on strategy, monitor ongoing performance and discharge good corporate governance. I will remain mindful of the need to have the right balance on the Board and future Board changes will take this into consideration. The Nominations Committee will continue to monitor Board structure and succession plans, including talent and succession plans of senior executives below Board level.

Nominations Committee activities during 2014

At each main meeting:

- Confirms compliance with Directors' duties and considers any new conflicts of interest
- Reviews minutes of previous meetings
- Reviews actions from previous meetings

The Committee met three times during 2014 and covered the following matters:

June

- Considered progress with the induction process for the new independent Non-Executive Directors appointed in 2013
- Reviewed Board composition and succession planning particularly for the Audit Committee Chairman and Senior Independent Director

October

- Reviewed Board composition and succession planning particularly for the Audit Committee Chairman and Senior Independent Director
- Received an update on talent management, succession planning and diversity covering Executive Directors and senior management of the Group

December

- Reviewed Board composition and succession planning particularly for the Audit Committee Chairman and Senior Independent Director
- Recommended to the Board the renewal of the three-year appointments of John McDonough and Carolyn Fairbairn as Chairman and as a Non-Executive Director respectively

Corporate Governance

Overview of the Remuneration Committee

The Remuneration Committee is chaired by Carolyn Fairbairn. The Remuneration Committee comprises exclusively independent Non-Executive Directors. The Chairman, Group Chief Executive, Group Finance Director, Group Development and HR Director, and Group Company Secretary have all been invited to attend meetings throughout 2014. The Committee met three times in 2014.

The Board has delegated to the Remuneration Committee the setting of a remuneration framework or broad policy for the Company's Group Chief Executive, other Executive Directors and members of the Operations Executive. The Committee's full terms of reference can be found on our website.

An overview of the work completed by the Remuneration Committee during the year is set out in the following table. The Remuneration Report for the year ended 31 December 2014 on pages 56 to 73 provides an introduction from the Committee Chairman. It sets out a summary of the Group's remuneration policy for Executive and Non-Executive Directors as approved by shareholders at the 2014 AGM and gives full details of Executive and Non-Executive Directors' remuneration during 2014.

Chairman	Members
Carolyn Fairbairn	**Christopher Humphrey** **Nigel Moore** **Lorraine Rienecker** **Mark Rollins**

Duties

- Determining and agreeing with the Board the broad framework and policies for Board and executive level remuneration
- Ensuring executive management are provided with appropriate incentives to encourage enhanced performance
- Reviewing performance-related pay schemes and ensuring their structure encourages long-term growth for the Company
- Reviewing ongoing appropriateness of remuneration policy
- Reviewing the design and targets for any performance related pay schemes
- Reviewing the design of all share incentive plans
- Ensuring that all payments to Directors are in line with the approved remuneration policy
- Operating the rules of malus and clawback in the long-term incentive plans and annual bonus plan
- Reviewing remuneration trends and major changes in employee benefits across the Group
- Reviewing termination arrangements in accordance with contractual terms
- Ensuring full disclosure is made regarding remuneration in the Company's Annual Report in accordance with prevailing regulations, including putting a policy report to shareholders for approval at least every three years
- Ensuring advice is obtained from appropriate sources
- Agreeing objectives and reviewing performance against each

Remuneration Committee activities during 2014

During 2014 the Remuneration Committee had three meetings, all of which were scheduled. None were held at short notice. At each scheduled meeting the Committee considers the following matters:

- Confirms compliance with Directors' duties and considers any new conflicts of interest
- Reviews minutes of previous meetings
- Reviews actions from previous meetings
- Reviews progress against objectives

The following specific business was dealt with at each meeting held in 2014:

February

- Approved the Remuneration Committee Report including the Policy Report to be included in 2013 Annual Report
- Reviewed and agreed on outcome of personal objectives for Executive Directors for 2013
- Reviewed outcome of 2013 Annual Bonus Plan
- Reviewed satisfaction of performance conditions tied to LTIP and DBP awards made in 2011
- Reviewed and approved awards to be made under the LTIP and DBP in 2014
- Reviewed the structure and performance conditions of the 2014 Annual Bonus Plan
- Considered shareholder feedback on the revised structure of the LTIP and DBP

August

- Received a market update on executive remuneration and 2014 AGM season from Deloitte
- Reviewed progress on personal objectives for Executive Directors for 2014
- Reviewed proposal on the re-calibration of the achievement of personal objectives

December

- Considered and agreed the outcome of 2014 objectives and set 2015 objectives for the Committee
- Considered feedback received from a major shareholder on the structure of executive remuneration
- Considered the content of the Investment Association's letter to Remuneration Committee Chairmen and its impact on the Company's remuneration structure
- Considered a proposal to include the provision of clawback in the rules of the LTIP, DBP and Annual Bonus Plan
- Received an update on indicative outcome for the 2014 Annual Bonus Plan
- Reviewed remuneration and proposed salary increases for 2015 for the Executive Directors and Operations Executive
- Reviewed structure of the 2015 Annual Bonus Plan
- Considered draft personal objectives for Executive Directors for 2015
- Reviewed output from the external evaluation of the Committee

The Remuneration Committee set itself several objectives for 2014, the detail and progress against which is detailed below:

2014 Remuneration Committee Objectives	Progress during 2014
Ensure remuneration policies and practices reward fairly and responsibly with clear link to strategic objectives, corporate and individual performance	• Reviewed remuneration structure in light of investor advisory bodies' views to have simple remuneration arrangements • Agreed restructure of long-term incentive awards from the 2014 AGM onwards with the LTIP awards for Executive Directors increasing to 125% of salary (with 25% increase waived in 2015) and for the matching element of the DBP to be removed in response to investor feedback • Agreed that annual bonus was linked to stretching financial performance; vesting of long-term incentives tied to TSR and EPS over three year performance period; Executive Directors required to build a shareholding stake in the Company of at least one times gross annual salary and Operations Executive members of 50% of annual salary; and introduced clawback provisions across all bonus and long-term incentives • Reviewed benchmark remuneration data for Executive Directors and Operations Executive members and agreed salary increases for 2015
Prepare and adopt an appropriate remuneration policy report and secure shareholder approval of the policy at the 2014 AGM	• Drafted and reviewed Remuneration Policy Report in conjunction with advice from Deloitte • Binding resolution on 2013 Remuneration Policy Report received 96% support from shareholders voting at the 2014 AGM
Consult with major shareholders on new LTIP rules and ensure they are approved by shareholders at the 2014 AGM	• Considered responses to consultation from major shareholders in connection with the renewal of the LTIP • Removed matching award element to the DBP in light of shareholder feedback • Plan rules received 96% support from shareholders at the 2014 AGM
Ensure best practice Annual Remuneration Report and that approved by shareholders at the 2014 AGM	• Agreed on the drafting of the revised Remuneration Report to be disclosed in the 2013 Annual Report; to include a Chairman's Statement, a policy report and an implementation report • 2013 Remuneration Report compliant with regulations and received over 98% support on the advisory resolution at the 2014 AGM
Ensure successful inductions of new Committee Chairman and Non-Executive Directors including company specific and general remuneration practices	• Briefing notes circulated to all Committee members summarising the Group's share schemes • Induction meetings held with Deloitte, the Group Company Secretary and the Group Development and HR Director • Received voting guidance from investor advisory bodies in advance of 2014 AGM • Received ongoing updates from Deloitte on market practice
Continue to monitor progress and performance of Deloitte in supporting the Remuneration Committee around new reporting requirements and remuneration policy supporting the Group's strategy	• Provided support on the consultation with major investors notably concerning the LTIP renewal • Provided drafting guidance on the new Remuneration Report in compliance with regulations • Provided detailed benchmark data and analysis to support pay rises and the amendments to the LTIP and DBP for Executive Directors and senior executives • Feedback from Directors on Deloitte's support was sought as part of the Board evaluation process

The Remuneration Committee has set itself objectives for 2015 and will report on progress against these in the 2015 Annual Report.

Accountability

Internal control and risk management

The Board has delegated responsibility to the Audit Committee for oversight of the Group's system of internal controls to safeguard shareholders' investments and the Company's assets. As part of its responsibility, the Audit Committee formally reviews the effectiveness of the Group's internal controls twice a year. There are systems and procedures in place for internal controls that are designed to provide reasonable control over the activities of the Group and to enable the Board and Audit Committee to fulfil their legal responsibility for the keeping of proper accounting records, safeguarding the assets of the Group and detecting fraud and other irregularities. The approach taken is designed to provide reasonable assurance against material misstatement or loss, although it is recognised that as with any successful company, business and commercial risks must be taken and enterprise, initiative and the motivation of employees must not be unduly stifled. It is not our intention to avoid all commercial risks and commercial judgements in the course of the management of the business.

The Board has adopted a risk-based approach to establishing the system of internal controls. The application and process followed by the Board in reviewing the effectiveness of the system of internal controls during the year were as follows:

Corporate Governance

- Each business unit is charged with the ongoing responsibility for identifying the risks it faces and for putting in place procedures to monitor and manage those risks.
- This system has been in place for the year under review and up to the date of approval of the Annual Report.
- The responsibilities of the senior management at each business unit to manage risks within their businesses are periodically reinforced by the Operations Executive.
- Major strategic, operational, financial, regulatory, compliance and reputational risks are formally assessed during the annual long-term business planning process around mid-year. These plans and the attendant risks to the Group are reviewed and considered by the Board.
- Large financial capital projects, property leases, product development projects and all acquisitions and disposals require advance Board approval.
- The process by which the Board reviews the effectiveness of internal controls has been agreed by the Board and is documented. This involves regular reviews by the Board of the major business risks of the Group, together with the controls in place to manage those risks. In addition, every business unit conducts a self-assessment of its internal controls. Every year, the results of these assessments are reviewed by the Group Risk Assurance Manager who provides a report to the Group Finance Director and the Chairman of the Audit Committee. The Board is made aware of any significant matters arising from the self-assessments. The risk and control identification and certification process is monitored and periodically reviewed by Group financial management.
- A centralised database of risks facing the Group, as well as each individual business, and an evaluation of the impact and likelihood of those risks is maintained and updated regularly by the Group Risk Assurance Manager. The Group's principal risks and uncertainties and mitigation for them are set out on pages 18 and 19 of this Annual Report.
- The Board has established a control framework within which the Group operates. This contains the following key elements:
  - an organisational structure with clearly defined lines of responsibility, delegation of authority and reporting requirements;
  - defined expenditure authorisation levels;
  - an operational review process covering all aspects of each business conducted by Group executive management on a regular basis throughout the year;
  - a strategic planning process identifying key actions and initiatives to deliver the Group's long-term strategy; and
  - a comprehensive system of financial reporting including weekly flash reports, monthly reporting, quarterly forecasting and an annual budget process. The Board approves the overall Group budget, forecasts and strategic plans. Monthly actual results are reported against prior year, budget and latest forecasts and are circulated to the Board. These forecasts are revised where necessary but formally at least once every quarter. Any significant changes and adverse variances are reviewed by the Group Chief Executive and Operations Executive and remedial action is taken where appropriate. Group tax and treasury functions are coordinated centrally. There is regular cash and treasury reporting to Group financial management and monthly reporting to the Board on the Group's tax and treasury position.

The Group's internal audit function, led by the Group Risk Assurance Manager, conducted a number of internal audits and additional assurance reviews during 2014, the details of which were presented to the Audit Committee. The audits included reviews of the appropriateness and effectiveness of controls within the Group including, but not limited to: purchasing and payments, sales and cash collection, inventory management, accounting and reporting, and IT processes. An internal audit plan for 2015 has been prepared and agreed with the Audit Committee.

The Board considers that it has fully complied with the Code during the year and up to the date of approval of the 2014 Annual Report and that it accords with the publication by the Financial Reporting Council on Internal Control: Guidance to Directors (formerly known as the Turnbull Guidance) in respect of internal controls. The Board and Audit Committee are reviewing the new FRC Guidance on Risk Management, Internal Control and related Financial and Business Reporting, as issued in 2014 and which has replaced the previous Guidance, and will work towards reporting against the recommendations in the new Guidance in the 2015 Annual Report.

Relations with shareholders

Maintaining regular contact with our shareholders remains an important part of our activities. During 2014, we continued our practice of the Group Chief Executive and Group Finance Director offering to hold a face to face meeting with each of our major shareholders tied into the publication of our full year and half year results. I have also met with several major shareholders in 2014 to discuss the Group's strategy, governance and remuneration matters. Before the Remuneration Policy was presented to shareholders at the 2014 AGM we consulted with our major shareholders on its structure to ensure their support for the renewal of the LTIP and the removal of the matching award under the DBP. We aim to ensure that our business, strategy, governance and remuneration policies are clearly understood and that any concerns are addressed through constructive engagement. Establishing and maintaining reliable lines of communication is fundamental to good corporate governance.

I was pleased to meet some of our shareholders at the 2014 AGM and look forward to meeting shareholders again at the 2015 AGM. This offers an opportunity for you to meet with our Directors and to hear more about the Group's strategy. Shareholders are encouraged to attend the AGM and to ask questions about the business. I confirm that all Board members are scheduled to attend the forthcoming AGM, including each of the Committee Chairmen. Details of the AGM are included in the Notice of Meeting that accompanies this Annual Report and which is available on our website. Should the Company hold a general meeting during the year, all shareholders would be provided with details in advance and all Directors would attend unless prevented by a conflict.

For the 2015 AGM we will continue with the practise of conducting voting on resolutions by way of a poll. This reflects best practice in terms of meeting administration and ensures that all the views of shareholders who submit proxy forms are taken into account in terms of the actual voting at the general meeting. The necessary procedures for a poll will be complied with in accordance with the Company's Articles. The outcome of the voting at the AGM will be announced by way of a Stock Exchange announcement and full details will be published on the Company's website shortly after the AGM. At the 2014 AGM over 78% of our shares were voted by way of proxies submitted, up from 70% at the 2013 AGM. Separate resolutions are proposed for each substantive issue upon which shareholders are asked to vote. Shareholders attending the AGM will still have the opportunity to ask questions at the meeting. In the event that a resolution is opposed by a significant proportion of shareholders, the Company will endeavour to explain, as soon as practically possible following the meeting, the actions it intends to take to understand the detail and how best to address the concern being raised.

We publish an Annual Report each year usually in March following the end of the financial year on 31 December. To allow shareholders to review the Annual Report in advance of the AGM and create an informed view of the Group, we comply with the requirement set out in the Code in respect of shareholder meetings to send the Notice of Meeting and related papers at least 20 working days before the meeting and we will continue to comply with this requirement.

The Board communicates with its shareholders via a combination of public announcements through the London Stock Exchange, analyst briefings, roadshows and press interviews at the time of the announcements of the half year and full year results and, when appropriate, at other times in the year. The Executive Directors, Senior Independent Director, Chairman of the Remuneration Committee and I also meet with investors from time to time to discuss relevant matters.

Regular updates from the Executive Directors at Board meetings keep the Board advised of the views of major shareholders. We also receive monthly reports on market and investor sentiment along with a full shareholder analysis.

Copies of public announcements and financial results are published on the Company's website, along with a number of other investor relations tools, including information on how to invest in the Company's shares, a dividend chart, share prices and presentation materials used for shareholder presentations.

We will continue to evolve our investor relations arrangements to ensure that our shareholders and stakeholders remain informed on the Company's strategy and ongoing financial and business performance.

John McDonough CBE

Chairman

24 February 2015

Directors' Attendance table for 2014

	Board		Audit		Remuneration		Nominations	
	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice
Number of meetings	**6**	**1**	**4**	**-**	**3**	**-**	**3**	**-**
Directors								
John McDonough	6	1	-	-	-	-	3	-
Carolyn Fairbairn	6	**	4	-	3	-	3	-
Christopher Humphrey	6	**	4	-	3	-	3	-
Nigel Moore	5*	**	4	-	3	-	2*	-
Lorraine Rienecker	6	**	4	-	3	-	3	-
Mark Rollins	6	**	4	-	3	-	3	-
Stephen Bird	6	1	-	-	-	-	3	-
Paul Hayes	6	1	-	-	-	-	-	-

* Nigel Moore did not attend the Board and Nominations Committee meetings held overseas in October 2014 due to a personal matter that arose at short notice.

** None of the Non-Executive Directors attended the short notice Board meeting held in December 2014 due to conflicts that could not be rescheduled and the short notice given for the meeting. Despite this, each Director gave feedback in advance of the meeting to the Chairman on the matter presented to the meeting.

Corporate Governance

Report from Nigel Moore, Chairman of the Audit Committee

Corporate Governance online
www.vitecgroup.com/corporate_governance

The Audit Committee is responsible for ensuring the financial integrity of the Group is effective, through the regular review of its financial performance. It is also responsible for ensuring that the Group has appropriate risk management processes and internal controls, and that audit processes are robust. I will explain in more detail the Committee's activities in my report.

The Audit Committee at the date of this report comprises five Non-Executive Directors, all of whom are considered independent. During 2014 the members were:

Chairman	Members
Nigel Moore	Carolyn Fairbairn Christopher Humphrey Lorraine Rienecker Mark Rollins

The Audit Committee provides effective governance over external financial reporting, risk management and internal controls and reports its findings and recommendations to the Board. In my capacity as Chairman of the Audit Committee, I am pleased to report on the operations of the Committee during the past year, with emphasis on the specific matters we have considered, including compliance with the UK Corporate Governance Code ("the Code") and associated Guidance on Audit Committees. I confirm that we have fully complied with the requirements of the Code as issued in September 2012 and which applies to financial years beginning on or after 1 October 2012.

I have been Chairman of the Committee since 2004, and have the necessary recent and relevant financial experience as required by the Code having formerly been a London-based partner of EY, where I was engagement partner for a number of significant client companies with specific responsibilities for their audits. Also, during the last ten years I have been Chairman of the Audit Committee of several public limited companies and attended many training sessions and updates presented by the major accounting firms. The other members of the Committee have a broad range of appropriate skills and experiences covering financial, commercial and operational matters and their biographies are summarised on pages 38 and 39. As explained by the Chairman of the Board, I will stand down as a Director, Chairman of the Audit Committee and Senior Independent Director at the close of the 2015 AGM. The Board has decided that I will be ably succeeded as Chairman of the Audit Committee by Christopher Humphrey, who is a Chartered Management Accountant and has previously served as Group Finance Director in two listed groups which will equip him with the recent and relevant financial experience to take on this role. Christopher has been shadowing me for six months and has been closely involved with the full and half year reporting processes relating to 2014.

The Committee has four scheduled meetings a year and I work closely with the Group Finance Director, Group Risk Assurance Manager and Deputy Company Secretary to ensure the Committee is provided with the necessary information it requires to discharge its duties. We operate with a rolling agenda programme, taking into account our terms of reference (which can be found on the Company's website), the Group's annual reporting requirements and any other matters which arise on an ad-hoc basis. The Committee sets aside appropriate time for the review of financial reporting and the risk assurance process to ensure they both receive robust consideration and challenge. Full detail of the work we completed during 2014 is set out in the table on page 55.

During the year we formally assessed the effectiveness of the external auditor, KPMG. We issued a feedback questionnaire to employees who had interaction with KPMG during the 2013 audit, along with all members of the Board. This questionnaire allowed respondents to rate KPMG's performance in eight areas and to provide a narrative assessment. The areas covered by the questionnaire were: leadership and team structure; planning, approach and scope; execution and processes; risks; communication; independence and objectivity; adding value; and cost effectiveness. The results were shared with KPMG and have allowed the Audit Committee to conclude that the KPMG audit process is robust and effective, and in accordance with auditing standards.

We also took into account publications made by the Financial Reporting Council, including the Annual Report as published by the Audit Quality Review team and the Audit Inspection Unit's Public Report on the inspection of KPMG. This provided the Committee with comfort that an external and independent review of the quality of KPMG's overall audit work had taken place. As a result, we recommend the reappointment of KPMG as auditor of the Company at the 2015 AGM for the forthcoming year. A separate resolution for the approval of the auditor's remuneration will be put to shareholders at the 2015 AGM.

As already explained by the Chairman, the Board takes responsibility for determining that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. At the request of the Board, the Audit Committee has concentrated its review of the full year results on the financial statements only. Following a review of the process around the annual audit as described above and the content of the financial statements, the Audit Committee recommended to the Board at its meeting on 23 February 2015 the adoption of the financial statements as at 31 December 2014 and that they provide a true and fair view of the financial performance of the Group.

Significant issues

The Committee considered several significant accounting issues, matters and judgements in relation to the Group's financial statements and disclosures for the year ended 31 December 2014. As part of the half year and full year reporting process, management present an accounting paper to the Committee, and the external auditor is asked to also comment on the key areas of accounting judgement and disclosure. The information presented is used by the Committee to critically review and assess the key policies and judgements that have been applied, the consistency of policy application from year to year and the appropriateness of key disclosures made, together with compliance with the applicable accounting standards. The significant issues arising and a description of how each was addressed is shown in the following table.

Significant issue	How it was addressed
Working capital management	The Committee critically reviewed the carrying value of the Group's working capital. This took into account management's assessment of the appropriate level of provisioning including collectability of receivables and inventory obsolescence. Management presented to the Committee the experience of bad debts during the year, and the debtor concentration and days outstanding. With regard to inventory the gross levels held and the provisions recorded against obsolescence were also presented to the Committee. In addition, the external auditor presented their findings with regard to the key audit testing over working capital covering all the major locations. The Committee concurred with management's assessment of the Group's working capital position.
Provisions and other liabilities	The Committee considered the judgemental issues relating to the level of provisions and other liabilities. The more significant items include post-employment, taxation, disposal and restructuring related obligations. For each area management presented to the Committee the key underlying assumptions and the key judgements. The external auditor also presented on each of these areas and their assessment of these judgements. The Committee has used this information to review the position adopted in terms of the amounts charged and recorded as provisions, acknowledging the level of subjectivity that needs to be applied.
Initial assessment of contingent considerations in relation to acquisitions	On 24 March 2014, Vitec acquired the assets of the Speciality Cameras Division of SIS Outside Broadcasts Limited through a business combination and on 10 December 2014 the Group acquired the assets of SmallHD through a business combination. Under the terms of both of these acquisitions, future consideration is potentially payable under an earn-out provision contingent on the achievement of agreed milestone targets. The Committee has reviewed the accounting valuation of these contingent considerations and management's assessment of their fair value as measured at the acquisition dates. In addition, the Committee discussed and agreed with the external auditor the accounting treatment to be applied for the current year and to any future adjustments to the amount provided. It also considered the disclosures that were proposed to ensure that the contingent considerations were appropriately presented in the financial statements. No deferred consideration is due on the acquisition of Autocue.

Corporate Governance

I invite the audit partner and audit manager from the Company's external auditor, KPMG, to attend meetings of the Committee on a regular basis and during 2014 they attended each meeting, either in whole or for part of the meeting. The Chairman, Group Chief Executive, Group Finance Director, Group Risk Assurance Manager and Group Company Secretary attend meetings by invitation and other members of the senior management team attend as required. At two of the meetings the Executive Directors and senior management were not present for part of the meeting so that members of the Committee could meet with the external auditor in private. The Committee will continue with the practice of meeting in private with the external auditor in the future.

KPMG has acted as the Company's external auditor since 19 July 1995 and we comply with the requirement to rotate the audit partner every five years. We reviewed the external audit arrangements in 2010 and as a result Robert Brent of KPMG was appointed and has been the audit partner since the audit of the 2011 results. His term of appointment is currently expected to end in 2016. In accordance with the new Code, and acknowledging the Competition and Markets Authority's proposal that companies must put their statutory audit engagement out to tender at least every ten years, it is possible that we will tender the audit process in 2016, or earlier if KPMG's performance falls short of the Audit Committee's expectations. In reaching a decision the Committee will take into consideration the tenure of our new Audit Committee Chairman who will commence this role in May 2015 and the timing of the anticipated rotation of Robert Brent. In all events, we note that under recently published EU requirement on auditor rotation, we will be required to replace KPMG LLP as our external auditor by 2023 at the latest.

We have a policy on the use of the external auditor for non-audit services that has been in place for a number of years and which is reviewed annually. The use of the external auditor is determined by their demonstrable competence, knowledge of the Group, and competitive pricing, and monetary thresholds for the approval of non-audit work by KPMG have been set by the Committee. The policy is divided into three parts:

- *Work where use of the external auditor is deemed appropriate:* This type of work includes accounting advice in relation to acquisitions and divestments, corporate governance and risk management advice, defined audit related work and regulatory reporting.
- *Work requiring Audit Committee clearance:* This type of work includes services as reporting accountants, compliance services (including fraud and money laundering), transaction work (mergers, acquisitions and divestments), valuation and actuarial services, fairness opinions and contribution reports.
- *Work from which the external auditor is excluded:* This includes internal accounting or other internal financial services, design development or implementation of financial information or internal controls systems, internal audit services or their outsourcing, forensic accounting services, executive or management roles and functions, IT consultancy, litigation support services and other financial services such as broker, financial adviser or investment banking services.

I confirm that during 2014 the policy has been followed without exception and that no changes to the scope of the policy have been made. During 2014, £0.2 million was paid to KPMG in respect of non-audit work compared to an audit fee of £0.5 million. This non-audit work included financial due diligence associated with the Autocue acquisition and investor relations advice.

Our performance as a Committee was assessed through the externally facilitated Board performance evaluation, information on which has been provided earlier in the Governance Report. The Audit Committee was deemed to be working effectively and a number of suggestions for areas to focus on have been incorporated in our 2015 objectives. The most salient of these is ensuring that a successful handover occurs for the new Chairman of the Audit Committee.

To ensure that we continue to be an effective Committee, we set and measure our performance against specific objectives every year. These objectives vary annually and the details of our objectives for 2014 and the progress made is summarised below. I am pleased to confirm that we successfully achieved all of these objectives. Progress on achievement against our 2015 objectives will be reported in next year's Annual Report.

2014 Audit Committee Objectives	Progress during 2014
Ensure successful induction of new Committee members	• All new Committee members met individually with the Audit Committee Chairman, Group Finance Director and Audit Partner to gain a clearer understanding of the Group and its reporting processes • Additional informal meetings held in advance of the approval of the full and half year results to ensure comfort with format of the Group's reporting • Visits to Group sites to better understand business operations
Receive updated governance materials and discuss any impact on the Committee's operations	• Received updates during the year on: EU proposals around audit tendering requirements; outcome of EU audit reform; updated UK Corporate Governance Code • Noted that the Group's mandatory audit rotation will need to be in place no later than 2023 • Requirements of updated UK Corporate Governance Code applying for accounting periods beginning on or after 1 October 2014
Ensure that financial reporting and governance disclosures are compliant, appropriate and meet best practice standards	• Reviewed the financial statements in the 2013 Annual Report and the Report from the Audit Committee Chairman, agreeing that they were appropriate and compliant with the necessary rules and standards • Agreed the five significant accounting issues that were included in the 2013 Annual Report • Approach taken for the Committee's review of the 2014 Annual Report recognises that the Board has retained responsibility for confirming that the Annual Report taken as a whole is fair, balanced and understandable

2014 Audit Committee Objectives (continued)	Progress during 2014
Review the Group's Risk Management processes and new self-assessment process launched in 2013	• Reviewed the approach taken to internal audit and risk assurance and provided support to the processes • Reviewed and approved the Principal Risks to be disclosed in the 2013 Annual Report • Reviewed regular Risk Assurance Reports from the Group Risk Assurance Manager • Approved the appointment of, and induction process for, a new Group Risk Assurance Manager
Develop a process for the review of the effectiveness of the external auditor	• Reviewed and approved a method for the assessment of the external auditor • Noted and contributed to the results of the survey on KPMG's effectiveness, including strengths and areas for improvement

Audit Committee activities during 2014

During 2014 the Audit Committee had four scheduled meetings. At each scheduled meeting the Committee considers the following matters:

- Confirms compliance with Directors' duties and considers any new conflicts of interest
- Reviews minutes of previous meetings
- Reviews actions from previous meetings
- Reviews Risk Assurance Report covering risk, assurance, internal audit and internal controls
- Reviews progress against current year objectives
- Reviews whistleblowing reports and action plans to resolve matters reported

The following specific business was dealt with at each meeting held in 2014:

February

- Annual results for 31 December 2013, including reviews of:
  - Accounting issues report
  - Full year report from the external auditor including Auditor's Report to be included in the 2013 Annual Report
  - Consolidated financial statements for the year ended 31 December 2013
  - Report on internal controls
  - Separate report on the work of the Audit Committee
  - Performance, effectiveness and independence of the external auditor
  - Fees for non-audit services and professional fees

February (continued)

- Recommendations to the Board on:
  - The consolidated financial statements
  - The reappointment of and fees for the external auditor
  - Independence and objectivity of the external auditor
  - Management's representation letter to external auditor
- Reviewed success of new controls self-assessment process as launched in 2013
- Reviewed 2014 internal audit plan
- Reviewed site risk surveys that had been conducted at each of the Group's main manufacturing sites
- Private meeting between the Committee and external auditor without executive management present

June

- Reviewed progress on 2014 objectives
- Reviewed process for the assessment of the effectiveness of the external auditor
- Reviewed external audit strategy paper for the year ended 31 December 2014
- Appointment of a new Group Risk Assurance Manager

August

- Half year results for 30 June 2014, including reviews of:
  - Accounting issues report
  - Report from the external auditor
  - Half year results for the half year ended 30 June 2014
  - Fees for non-audit services and professional fees
  - Principal risks and uncertainties
- Recommendations to the Board on:
  - The half year results
  - Management's representation letter to external auditor

December

- Considered the outcome of 2014 objectives and agreed 2015 objectives
- Reviewed results of assessment of effectiveness of external auditor survey
- Received an update on anti-bribery and whistleblowing procedures
- Reviewed the Group's stock provisioning policy
- Received an update from KPMG on audit reform and audit tendering
- Received an update from KPMG on suggested content for the Audit Report to be included in the 2014 Annual Report

Nigel Moore
Chairman, Audit Committee

24 February 2015

Remuneration Report

Remuneration Report online
www.vitecgroup.com/remuneration

Section 1:
Annual Statement by Carolyn Fairbairn, Chairman of the Remuneration Committee

Dear Shareholder

In my annual statement on remuneration I set out the Remuneration Committee's approach to Directors' remuneration and its activities during 2014. The Committee's primary objective is to set and implement a remuneration policy that is clearly understood by our shareholders, and that drives the right behaviours in terms of incentivising Executive Directors to deliver both growth in long-term shareholder value and the Group's strategy.

The Remuneration Report is split into three sections.

- Firstly, my annual statement summarising the work of the Remuneration Committee in 2014.
- Secondly, a summary of the Remuneration Policy Report that was approved by over 96% of shareholders who voted at the 8 May 2014 Annual General Meeting ("AGM") and that sets out the Company's policy on Directors' remuneration. The approved policy governs the remit for Directors' remuneration for the period from the 2014 AGM up until the 2017 AGM. This summary is to aid shareholders and readers of the 2014 Annual Report in understanding the main principles of our Remuneration Policy. The Policy Report is available in full on the Company's website and in the 2013 Annual Report. Unless there is a need to change this policy the Remuneration Committee does not propose putting the Policy Report to shareholders for approval again until the 2017 AGM.
- Thirdly, the Annual Report on Remuneration sets out the remuneration paid to Directors in 2014 as well as details of how the Committee intends to implement our remuneration policy for 2015. Shareholders will have the opportunity for an advisory vote on the Annual Report on Remuneration at the 2015 AGM.

2014 performance
The Group has delivered a good performance in 2014 with growth in revenue and operating profit* of 3.3% and 7.4% respectively at constant exchange rates with reported sales of £309.6 million and operating profit* of £38.8 million. As anticipated, foreign exchange rates have negatively impacted our reported revenue and profit. This performance has been achieved through delivering our strategy of focusing on our core broadcast and photographic markets, supplemented by selective value-adding acquisitions and maintaining a rigorous approach to cost control. The Group successfully completed the acquisitions of SIS, Autocue and SmallHD during 2014, enhancing our broadcast market offering, and disposed of the loss-making IMT business.

Committee activities in 2014
The Remuneration Committee in 2014 focused on the following matters:

- The approval of an increase in Executive Directors' salaries with effect from 1 January 2015 of 2.5%, reflecting pay increases within the Group's workforce and current market conditions. The level of fees paid to Non-Executive Directors has also been increased by a similar level. The Chairman's fee which has been in place since his appointment in 2012 will be reviewed in mid-2015 as will the fees paid for the roles of Chairman of the Audit and Remuneration Committees and the Senior Independent Director.
- Bonus payments to Executive Directors for 2014 were 44.25% and 45.5% of the maximum potential award for the Group Chief Executive and Group Finance Director respectively. This has been earned against the Group delivering profit before tax* of £35.3 million which represented 9.1% growth at constant exchange rates. The operating cash flow# generated as a percentage of operating profit* did not achieve threshold performance targets and did not pay out. Each Executive Director is required to defer half of their earned bonus into the Deferred Bonus Plan ("DBP") for three years ensuring that focus on long-term growth is encouraged.
- Long Term Incentive Plan ("LTIP") awards made in 2012 to Executive Directors did not achieve performance conditions based upon Total Shareholder Return and adjusted basic earnings per share* growth and therefore will lapse on their third anniversary in April 2015.

* Before restructuring costs and charges associated with acquired businesses. Profit before tax and adjusted basic earnings per share are also before disposal of business. In 2010 before significant items.

\# Cash generated from operating activities in the financial year after net capital expenditure, before restructuring costs paid.

- The 2014 AGM approved the Company's remuneration policy that covers Directors' remuneration for the period from May 2014 through to the Company's AGM in 2017. The Remuneration Committee will operate within this policy in determining Directors' remuneration during this period and any need to go outside this policy will be subject to advance consultation and approval from shareholders.
- The 2014 AGM approved the renewal of our LTIP for a further 10 year term. This enables long-term share incentives to be awarded to our Executive Directors and senior management with performance conditions attached. The Committee removed the matching award element tied to the DBP at the 2014 AGM, simplifying remuneration arrangements and aligning them with best practice.
- The Remuneration Committee approved the structure of the 2015 Annual Bonus Plan to ensure that it motivates Executive Directors to deliver against challenging targets for 2015 and particularly to deliver long-term sustainable growth. Its structure is the same combination of both financial targets (Group profit before tax* and operating cash flow# generation) and personal objectives as was used in 2014. The Committee considers this split of performance measures drives performance and behaviour in the right way and is aligned with the strategic objectives for the Company.
- Executive Directors are required to have a shareholding in the Company of at least one times base salary built up over a reasonable period of time. Both Executive Directors have exceeded this level of shareholding.
- The Committee has expanded the disclosure of bonus payments in the 2014 Remuneration Report so that historic payments disclose the financial targets and performance against each in respect of bonuses paid, thereby ensuring the Company's remuneration disclosures are in accordance with best practice while balancing the need for commercial sensitivity.
- While the Company's Annual Bonus Plan and Long Term share incentives have been subject to the operation of a malus clause, the Committee has now also taken into account emerging best practice from the UK Corporate Governance Code in respect of clawback. Awards under these plans from 2015 onwards will be subject to both malus and clawback and a more detailed explanation is given later in the report.
- It has been agreed that share awards from 2015 onwards under the LTIP to Executive Directors are made on the basis that they are to be subject to a further two year holding period following a three year performance period.

Annual General Meeting
The Annual Remuneration Report will be put to shareholders for an advisory vote at the AGM to be held on Tuesday, 12 May 2015. I will attend the AGM and be available to answer questions on this report and our executive remuneration policy.

Carolyn Fairbairn
Chairman, Remuneration Committee

24 February 2015

Remuneration Report

Section 2:
Summary of Remuneration Policy Report

Policy report
The following is a summary of the Policy Report that covers remuneration for Directors of the Company for a three year period from the Company's AGM on 8 May 2014 until the 2017 AGM. The full Policy Report, as approved by shareholders, is available on the Company's website and is in the 2013 Annual Report. Should there be a need to change the Company's remuneration policy ahead of the 2017 AGM, shareholders will be asked to approve a revised policy.

This Report contains further information required under the Listing Rules and the 2012 UK Corporate Governance Code.

Remuneration policy table for Executive Directors

	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Base salary is set at a level to secure the services of talented Executive Directors with the ability to develop and deliver a growth strategy.	Fixed contractual cash amount usually paid monthly in arrears. Normally reviewed annually, with any increases taking effect from 1 January each year, although the Committee may award increases at other times of the year if it considers it appropriate. This review is dependent on continued satisfactory performance in the role of an Executive Director. It also includes a number of other factors, including experience, development and delivery of Group strategy and Group profitability, as well as external market conditions and pay awards across the Company.	While the Committee has not set a maximum level of salary, the Committee will usually award salary increases in line with average increases awarded across the Group. Larger increases may, in certain circumstances, be awarded where the Committee considers that there is a genuine commercial reason to do so, for example: • where there is a significant increase in the Executive Director's role and duties; • where an Executive Director falls significantly below market positioning; • where there is significant change in the profitability of the Company or material change in market conditions; and • where an Executive Director was recruited on a lower than market salary and is being transitioned to a more market standard package as he or she gains experience.	Not applicable.
Benefits	To provide Executive Directors with ancillary benefits to assist them in carrying out their duties effectively.	Executive Directors are entitled to a range of benefits including car allowance, private health insurance and life assurance. Other ancillary benefits may also be provided where relevant, such as expatriate travel or accommodation allowances. Executive Directors are entitled to participate on the same terms as all UK employees in the Sharesave Plan or any other relevant all-employee share plan.	There is no maximum level of benefits set, given that the cost of certain benefits will depend on the individual's particular circumstances. However, benefits are set at an amount which the Committee considers to be appropriate, based on individual circumstances and local market practice. Executive Directors' participation in the UK all-employee Sharesave Plan is capped at the individual entitlement levels set by the UK Government from time to time or as prescribed by the rules of the relevant all-employee share plan.	Not applicable.

	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	To provide a material incentive to drive Executive Directors to deliver stretching strategic and financial performance and to grow long-term sustainable shareholder value. Half of the annual bonus is deferred into the DBP and focuses the Executive Director on long-term value delivery and growth.	Paid annually based on performance in the relevant financial year. The amount is determined based on published full year results after the year end. Award levels and performance measures are reviewed annually. The Committee ensures that performance measures remain aligned to the Company's business objectives and strategic priorities for the year. Half of the annual bonus paid is deferred into core awards under the DBP for a period of three years on a mandatory basis unless the Committee determines an alternative deferral period is appropriate. Awards may be granted in the form of conditional awards, nil-cost options, forfeitable shares or similar rights and may be settled in cash. For DBP awards granted prior to the 2014 AGM participants may also receive a matching award over the same value of shares as are subject to the corresponding deferred bonus award, the vesting of which is subject to achievement of the same performance conditions as for the LTIP. Matching awards will not be made for awards granted after the 2014 AGM under the DBP. The Committee retains full discretion to amend the bonus payout (upwards or downwards), if in its opinion any calculation of payout does not produce a fair result for either the individual or the Company, taking into account the overall business performance of the Company. Any such use of discretion will be clearly reported in the next published remuneration report. Participants may also receive the value of any dividends which would have been paid on shares in respect of which the award vests, which may be calculated assuming reinvestment of the dividends in the Company's shares on a cumulative basis. In the event of any material misstatement of the Company's financial results or serious reputational damage to the Company caused by a breach of the Company's Code of Business Conduct or otherwise, the Committee may reduce or impose further conditions on awards.	An absolute maximum of 125% of base salary to be paid in each year.	Measures and targets for the annual bonus are set annually by the Committee. Currently, around half of the annual bonus is based on the achievement of annual targets set against the Group's profit before tax*, with the remainder based on the achievement of annual personal objectives and achievement of annual targets set against the Group's operating cash flow# generated as a percentage of operating profit*. The Committee reserves the right to annually vary these proportions and also the measures to ensure the annual bonus remains appropriate and challenging. Targets are measured over a one year period. Payments range between 0% and 125% of base salary for threshold and maximum performance. Awards granted under the DBP after the 2014 AGM are not subject to any performance conditions. Details of the performance conditions applicable to matching awards granted prior to the 2014 AGM are described on page 66 of this report.

Remuneration Report
Summary of Remuneration Policy Report continued

Remuneration policy table for Executive Directors continued

	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan ("LTIP")	To provide a long-term performance and retention incentive for the Executive Directors involving the Company's shares. To link long-term rewards to the creation of long-term sustainable shareholder value by way of delivering on the Group's agreed strategic objectives.	The current LTIP rules expire in early 2015, and new LTIP rules were proposed at the 2014 AGM. Under both the current and the new LTIP, awards are made over a fixed number of shares, which will vest based on the achievement of performance conditions over a performance period of, unless the Committee determines otherwise, at least three years. The performance conditions are set by the Committee at the start of the performance period. Awards can take the form of a conditional award of shares, a nil-cost option or similar rights. Awards may be settled in cash. Participants may also receive the value of any dividends which would have been paid on shares in respect of which the award vests, which may be calculated assuming reinvestment of the dividends in the Company's shares on a cumulative basis. In the event of any material misstatement of the Company's financial results or serious reputational damage to the Company caused by a breach of the Company's Code of Business Conduct or otherwise the Committee may reduce or impose further conditions on awards.	The maximum value of shares over which awards may be granted in respect of each year is 150% of base salary (although 200% is permitted in exceptional circumstances determined by the Committee). The first set of awards to the current Executive Directors following the 2014 AGM will be granted at no more than 125% of base salary, though Executive Directors have agreed to waive 25% of this award in 2015.	LTIP awards may be based on both financial and share price based performance conditions as determined from time to time by the Committee. It is currently the intention for awards granted to have 50% of the award subject to the Company's Total Shareholder Return compared to a comparator group measured over a three year performance period and 50% of the award subject to targets set against growth (adjusted by the Committee as it considers appropriate) in the Company's adjusted basic earnings per share* over the same performance period. However the Committee reserves the right to change the balance of the measures as it deems appropriate, such that no measure accounts for less than 25% of the total award. At threshold, 25% of the award will vest, increasing on a straight-line basis up to 100% for performance in line with maximum. The Committee also reserves the right to impose an underpin condition on awards such that any level of vesting in the opinion of the Committee is justified by the underlying performance of the Company.
Pension contribution	To provide a benefit comparable with market rates, helping with the recruitment and retention of talented Executive Directors able to deliver a long-term growth strategy.	Usually paid monthly in arrears. Executive Directors may receive a contribution into the Company's Defined Contribution Plan, a personal pension arrangement and/or a payment as a cash allowance.	20% of base salary. Salary is the only pensionable element of Executive Director remuneration.	Not applicable.

Notes to the summary of the remuneration policy table for Executive Directors

Under the Company's share plans the Committee may: (1) in the event of any variation of the Company's share capital, demerger, delisting, special dividend or other event which may affect the price of shares, adjust or amend awards in accordance with the terms of the plan; and (2) amend a performance condition if an event occurs which causes it to consider an amended condition would be more appropriate and not materially less difficult to satisfy.

Legacy plans

The Committee reserves the right to make any remuneration payments and payments for loss of office notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed: (1) before the policy came into effect; or (2) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes payments include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Performance measures

The annual bonus plan is based on both personal and financial measures. Typically, the majority of the bonus will be based on financial measures such as Group profit before tax*. The measures have been chosen to provide a balance between incentivising the delivery of the Group's key financial priorities in any particular year and important individual strategic objectives. The Committee may vary the specific measures and targets year-on-year to ensure that they reflect the key financial and strategic priorities for the Company in any given year.

The LTIP is currently based on Total Shareholder Return performance against a specific comparator group, and absolute adjusted basic earnings per share* growth. The Committee considers these to be important measures of performance for the Company over the longer term. While Total Shareholder Return links a portion of the LTIP to the creation of value for shareholders, adjusted basic earnings per share* growth is a key performance indicator for the Group. Any changes to these measures will be aligned with the long-term strategy of the business.

Provisions for the withholding and recovery of sums from the Directors are as set out in the table above and on page 72.

Remuneration policy table for the Chairman and Non-Executive Directors

The table below sets out a description of the operation of the Chairman and Non-Executive Directors' remuneration for the period through to the 2017 AGM. Neither the Chairman nor the Non-Executive Directors participate in any annual bonus plan or the Company's share plans:

Role	Purpose	Operation
Chairman	To recruit and retain an independent Non-Executive Chairman reflecting the responsibilities and time commitment for the role. To lead an effective Board enabling the delivery on the Group's growth strategy and creation of long-term sustainable shareholder value.	While the Board has not set a maximum level of fee payable to the Chairman, the Board will review the level of fee paid usually on an annual basis and determine whether that is sufficient in terms of market conditions and also the time commitment for the role. The Chairman's fee is an all inclusive consolidated amount. The Chairman's fee is paid in cash usually on a monthly basis in arrears and not in shares. Fees are benchmarked against other FTSE-listed companies of a similar size and complexity to Vitec. Any future increases will take into account the need to ensure that the fee remains competitive and reflects the time commitment for the role. The Chairman's remuneration also covers his chairmanship of the Nominations Committee.
Non-Executive Director	To recruit and retain independent Non-Executive Directors reflecting the responsibilities and time commitment for the role to contribute to an effective Board and to deliver on the Group's growth strategy and creation of long-term sustainable shareholder value.	Fees paid to Non-Executive Directors of the Company consist of the following: • A base fee; • An additional fee for the role of the Senior Independent Director; and • An additional fee for chairing Board Committees. Fees are usually reviewed annually and are benchmarked against other FTSE-listed companies of a similar size and complexity to Vitec and are typically increased in line with annual salary increases for the Executive Directors. All fees above are usually paid in cash and not in shares and are paid monthly in arrears. Any future increases will take into account the need to ensure that the fee remains competitive and reflects the time commitment for the role. The Board has not imposed a maximum level of fee payable.
Benefits	To reimburse Non-Executive Directors for reasonable expenses and bear any costs associated with tax, where relevant.	Expenses are reimbursed as and when incurred (including travel and hotel accommodation).

Remuneration Report

Summary of Remuneration Policy Report continued

Policy on outside appointments

The Committee believes that it is beneficial both for the individual and the Company for an Executive Director to take up one external non-executive appointment. Remuneration received by an Executive Director in respect of such an external appointment would be retained by the Director. Stephen Bird was appointed on 10 January 2013 as an independent Non-Executive Director of Dialight plc. In this role he receives a basic fee of £40,000 per annum and an additional £5,000 per annum in the role of Senior Independent Director. Under the terms of his service contract, Paul Hayes, with the agreement of the Chairman and Group Chief Executive, may take up one external non-executive appointment of a listed company. As of the date of this report he has not taken up any such external non-executive appointment.

Executive Directors' service contracts

The Executive Directors' service contracts are as follows:

	Date of Contract	Notice period from the Company to the Executive	Notice period from the Executive to the Company
Stephen Bird, Group Chief Executive – appointed on 14 April 2009	28 January 2009	12 months	6 months
Paul Hayes, Group Finance Director – appointed on 13 June 2011	3 June 2011	12 months	6 months

Details of the Committee's approach and policy on payment for loss of office are given in full in the 2013 Remuneration Policy Report.

Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors do not have service contracts but serve under letters of appointment. The initial period of their appointments is three years but their appointments may, by mutual consent and with the approval of the Nominations Committee and the Board, be extended for a further three years. Appointments may be extended beyond six years by mutual consent and with the approval of the Nominations Committee and the Board, if it is in the interest of the Company to do so. Under the letters of appointment notice can be given by either party upon one month's written notice. Apart from the disclosure under the Remuneration policy table for the Chairman and Non-Executive Directors there are no further obligations which could give rise to a remuneration or loss of office payment under the letters of appointment. All the Non-Executive Directors and Chairman (as well as the Executive Directors) are subject to annual re-election by the shareholders at the AGM.

Copies of the Executive Directors' service contracts, Chairman's and each Non-Executive Director's letters of appointment are available from the Group Company Secretary at the Company's registered office during normal business hours at Bridge House, Heron Square, Richmond TW9 1EN and are also available on the Company's website www.vitecgroup.com.

Consideration of shareholder views

The Committee has continued to take into account the views of its shareholders concerning the policy on remuneration of Directors.

The Company received over 96% support to the 2013 Remuneration Policy Report and over 98% support to the 2013 Annual Report on Remuneration at the 2014 AGM indicating a strong level of support for the structure of Directors' remuneration.

The Committee has further continued to engage with its major shareholders in 2014 on Directors' remuneration. This particularly includes the issue of holding periods for long-term share incentives and the introduction of clawback provisions for the Annual Bonus Plan, Long Term Incentive Plan and Deferred Bonus Plan. Further details on this are given in the Annual Report on Remuneration.

Section 3:
Annual Report on Remuneration

This Annual Report on Remuneration will be put to an advisory vote at the AGM to be held on Tuesday, 12 May 2015.

Directors' single figure of total remuneration (audited)
The following table sets out the single figure of total remuneration for Directors for the financial years ended 31 December 2014 and 2013:

	Base salary / fees		Benefits		Pension		Annual bonus		Long-term incentives		Total	
	2014 £	2013 £	**2014 £**	2013 £	**2014 £**	2013 £	**2014 £**	2013 £	**2014 £**	2013 £	**2014 £**	2013 £
Executive Directors												
Stephen Bird	**409,271**	399,289	**27,885**	27,010	**81,854**	79,858	**226,378**	355,616	**-**	195,634[4]	**745,388**	1,057,407
Paul Hayes	**281,357**	274,495	**22,630**	22,254	**56,271**	54,899	**160,022**	253,050	**-**	-	**520,280**	604,698
Non-Executive Directors												
John McDonough	**140,000**	140,000	**-**	-	**-**	-	**-**	-	**-**	-	**140,000**	140,000
Nigel Moore	**57,000**	53,000	**-**	-	**-**	-	**-**	-	**-**	-	**57,000**	53,000
Carolyn Fairbairn	**50,000**	40,417	**-**	-	**-**	-	**-**	-	**-**	-	**50,000**	40,417
Christopher Humphrey (joined 1 December 2013)	**41,000**	3,333	**-**	-	**-**	-	**-**	-	**-**	-	**41,000**	3,333
Lorraine Rienecker (joined 1 December 2013)	**41,000**	3,333	**-**	-	**-**	-	**-**	-	**-**	-	**41,000**	3,333
Mark Rollins (joined 2 October 2013)	**41,000**	9,855	**-**	-	**-**	-	**-**	-	**-**	-	**41,000**	9,855
Simon Beresford-Wylie (left 1 December 2013)	**-**	41,250	**-**	-	**-**	-	**-**	-	**-**	-	**-**	41,250
John Hughes (left 30 June 2013)	**-**	20,000	**-**	-	**-**	-	**-**	-	**-**	-	**-**	20,000
Maria Richter (left 15 May 2013)	**-**	14,928	**-**	-	**-**	-	**-**	-	**-**	-	**-**	14,928
Total	**1,060,628**	999,900	**50,515**	49,264	**138,125**	134,757	**386,400**	608,666	**-**	195,634[4]	**1,635,668**	1,988,221

Notes:

1. Taxable benefits includes car allowance, healthcare cover and income protection.
2. Each Executive Director receives a pension contribution of 20% of base salary into a pension arrangement of their choice (including the Company's defined contribution scheme) or a cash allowance of 20% of base salary. Both Executive Directors currently take this contribution in the form of a cash payment.
3. For the Annual Bonus 2014, both Stephen Bird and Paul Hayes' bonus potential was 125% of base salary. Further details are set out in the "Further notes" section on the following page.
4. Long Term Incentives comprise LTIP and matching awards under the DBP awards made in 2012. Neither achieved performance conditions based on Total Shareholder Return and growth in adjusted basic earnings per share* and therefore will lapse on the third anniversary of their award on 16 and 12 April 2015 respectively. The 2011 awards under the LTIP and matching awards under the DBP partially achieved performance conditions ending on 31 December 2013 based upon Total Shareholder Return and adjusted basic earnings per share* growth and vested in March 2014. The 2013 figures in the table above have been updated to reflect the actual value received by the Director on the date of vesting rather than the value reported in 2013 that was based on the average market value of the Company's ordinary shares over the quarter ended 31 December 2013 which was £6.69 per ordinary share. Further details are provided in the "Further notes" section on the following pages.
5. Each Director has confirmed in writing to the Company that the information in the single figure remuneration table is correct and that they have not received from the Company any other items of remuneration other than disclosed.

Remuneration Report
Annual Report on Remuneration continued

Further notes to the Directors' single figure of total remuneration table

(1) Base salary
The table below shows base salaries for 2014:

Executive Director	2014 Salary
Stephen Bird	£409,271
Paul Hayes	£281,357

(2) Benefits
The single figure of total remuneration table sets out the total value of benefits received by each Executive Director in 2014. The table below sets out details of these.

Executive Director	Car allowance	Healthcare cover	Income Protection
Stephen Bird	£20,458	£2,627	£4,800
Paul Hayes	£15,203	£2,627	£4,800

(3) Pension allowance
The table below sets out the value of the cash payment in lieu of pension for each Executive Director in 2014:

Executive Director	Pension allowance
Stephen Bird	£81,854
Paul Hayes	£56,271

(4) Annual bonus
In 2014, each Executive Director was entitled to receive subject to performance a maximum bonus of up to 125% of base salary, half of which is deferred into the Deferred Bonus Plan.

The financial elements of the annual bonus plan for each Executive Director were based upon actual financial results achieved for Group profit before tax* and Group conversion of operating profit* into operating cash flow# (over a quarterly and full year average target) measured against financial targets set by the Board. The Group profit before tax* financial element represents 50% of the maximum bonus that could be earned and the Group conversion of operating profit* into operating cash flow# represents 25% of the maximum bonus that could be earned.

Under the rules of the annual bonus plan there is a link between the two financial performance conditions so that the conversion of operating profit* into operating cash flow# element will only pay out if the Group profit before tax* element has at least achieved threshold performance.

The Remuneration Committee considered that these two financial performance conditions are key financial measures for the Group driving the right behaviour in terms of achieving profit* and operating cash flow# generation and had the most direct impact upon shareholder value for the year ended 31 December 2014.

The personal objective element of the 2014 annual bonus plan for each Executive Director, representing 25% of the maximum bonus that could be earned, is based upon individual performance measured against stretching personal objectives set by the Board and Remuneration Committee, as set out below:

Stephen Bird - 2014 Personal Objectives

- Continue to build a world class organisation – including recalibration of personal objective process for the Operations Executive; ensuring that the Operations Executive is focused on delivery of the strategic plan to the end of 2017; and continue the development of succession planning and talent development across the Group including the implementation of the diversity action plan.
- Develop a growth strategy for the Group – including development of a stretching and achievable plan to deliver a targeted revenue and profit* rate by the end of 2017, focus on ambitious growth developing addressable market and geographic expansion, develop the organisation to deliver the growth strategy and communicate internally to the organisation.
- Develop and get approval of the 2015 budget with targeted growth in profit before tax*.
- Develop further cost reduction proposals to respond to changing market conditions.
- Assess strategic options for the IMT business and implement.
- Focus on merger and acquisition opportunities that address the Group's growth strategy and meet or exceed its financial targets.

Paul Hayes - 2014 Personal Objectives

- Support the Group Chief Executive in reviewing the Group's strategy and communication to stakeholders. This included developing a clear growth strategy for the Group and preparing and delivering an exit strategy for the IMT business.
- Development and approval of 2015 budget with targeted growth in profit before tax*.
- Support acquisition activity in terms of identifying and reviewing appropriate value adding opportunities. Ensure that there is effective due diligence and that new businesses are effectively integrated into the Group.
- Continue to drive the finance team as a world class organisation to maintain strong controls, good reporting and acting as effective business partners focused on profit* and operating cash flow# generation.
- Support the induction of new Non-Executive Directors who joined the Board in late 2013 particularly focusing on supporting them becoming active members of the Audit Committee.
- Lead an effective tax strategy for the Group.
- Develop a personal development plan in conjunction with the Group Chief Executive.

2014 Annual Bonus Outcome

The table below sets out the annual bonus awards made to Executive Directors in respect of the year ended 31 December 2014 including the financial trigger points used in determining whether a bonus was payable.

Name	Bonus potential	Elements of bonus potential	Threshold	Target	Maximum	Actual Group Performance/ Assessment of personal objective performance	Pay-out and % of maximum
Stephen Bird Group Chief Executive	125% of annual salary	50% Group PBT*	£35.6m	£38.2m	£42.0m	£38.5m**	£124,060
		25% Group conversion of operating profit* into operating cash flow#	76%	84%	92%	69%	£0 (0%)
		25% Personal objectives				80%	£102,318
						TOTAL	**£226,378 (44.25%)**
Paul Hayes Group Finance Director	125% of annual salary	50% Group PBT*	£35.6m	£38.2m	£42.0m	£38.5m**	£85,286
		25% Group conversion of operating profit* into operating cash flow#	76%	84%	92%	69%	£0 (0%)
		25% Personal objectives				85%	£74,736
						TOTAL	**£160,022 (45.5%)**

** In assessing Group performance, the losses of IMT prior to disposal of £1.3 million have been excluded. This treatment is consistent with prior years for similar transactions. The £38.5 million Group profit before tax* represents an average of:

- £36.6 million being the reported Group profit before tax* with the losses of IMT excluded; and
- £40.3 million being the Group profit before tax* with the losses of IMT excluded and adjusted for constant foreign exchange rates with those of 2013.

A straight line sliding scale operates between each of the above trigger points for both financial targets. The Remuneration Committee considered that these trigger points were appropriate and sufficiently stretching for 2014 given the uncertain macroeconomic environment and challenging markets that the Company faced.

Under the rules of the annual bonus plan the Remuneration Committee retains a full and absolute discretion as to whether a bonus is payable or not, and that discretion may only be used in exceptional circumstances, taking into account the overall financial performance of the Company. Any use of this discretion in connection with an Executive Director will be clearly explained in the Remuneration Report.

Half of the 2014 annual bonus will be deferred into the 2014 Deferred Bonus Plan. The 2014 deferred bonus will be used to purchase core award shares held in trust for a three year period. In accordance with the approved Remuneration Policy Report, no matching award shares can be earned under the Deferred Bonus Plan. After three years, the core award shares are released from the Trust to the Executive Directors.

Remuneration Report
Annual Report on Remuneration continued

(5) Long Term Incentives – Long Term Incentive Plan (“LTIP”) and Deferred Bonus Plan (“DBP”)

The long-term incentive awards value shown in the single figure of total remuneration table relate to the following awards:

Awards made in 2012 and vesting in respect of performance to 31 December 2014

These relate to awards made in 2012 under the LTIP and matching awards under the DBP. Awards are measured based 50% upon the Company’s Total Shareholder Return (“TSR”) measured against a comparator group and 50% subject to growth in the Company’s adjusted basic earnings per share* (“EPS”). Each performance condition is entirely independent from the other performance condition and there is no re-testing of either performance condition. The detail of each performance condition for each award is set out below.

For that part of an award made in 2012 under the LTIP measured against TSR, if the Company’s TSR performance is at the median of the comparator group at the end of the three year performance period, 25% of that element of an award may vest. The full element of an award may vest if the Company’s TSR performance is in the top 25% of the comparator group. There is a pro-rata straight line vesting between these two points. The comparator group comprises the constituents of the FTSE 250 index (excluding financial services companies and investment trusts) over a three year performance period. The Remuneration Committee considered that this index has a greater level of complexity and internationality and was most comparable to Vitec’s business operations where approximately 90% of revenues are generated outside of the UK.

For that part of an award made in 2012 under the LTIP measured against EPS growth, if the percentage growth in the EPS of the Company exceeds 6% per annum (Compound Average Annual Growth Rate), 25% of that element of an award may vest. Full vesting of an award occurs if the growth in EPS over the performance period exceeds growth by 12% (Compound Average Annual Growth Rate) or greater. There is a pro-rata straight line vesting between these two points.

The same performance conditions applied to matching awards made in 2012 under the DBP as for the LTIP except that at median performance for TSR or 6% EPS growth one matching share vests for every three core award shares and at the upper quartile point for TSR and 12% EPS growth one matching share vests for every one core award share.

An award lapses if the lower point under both performance conditions is not achieved during the performance period.

The Remuneration Committee also considered the underlying financial performance of the Company before it confirmed vesting.

Performance out-turn

The table below provides an estimate of the value of the awards and the potential level of vesting achieved as a result. The 2015 Remuneration Report will disclose the actual value of the awards when they vest in April 2015:

2012 Awards	Actual performance	Vesting as a % of award
TSR	Below median	0%
EPS	Less than 6% per annum	0%
Total vesting		**0%**

TSR is calculated on the basis of growth in the Company’s share price over a three year performance period plus dividends paid during that period and is expressed as a percentage of average compound annual growth. Share price performance is averaged over three months at the start and end of a performance period to eliminate volatility that may result in anomalous outcomes. The TSR performance is independently verified by Deloitte on behalf of the Committee and is ranked against the comparator group companies’ TSR performance to determine the outcome.

EPS is determined in accordance with note 2.5 of the Financial Statements on page 94.

Awards made in 2011 and vesting in respect of performance to 31 December 2013

These relate to awards made in 2011 under the LTIP and DBP. The performance conditions for these awards are the same as those outlined above (awards made in 2012) except that:- For the TSR element the comparator group comprised approximately 60 companies of similar market capitalisation to the Company and having at least 50% of their turnover arising outside the UK. For median performance against the comparator group, 35% of an award vested and for full vesting of an award TSR performance of the Company had to be in the top 20% of the comparator group. The EPS growth figures were 5% growth per annum in excess of RPI and 10% growth per annum in excess of RPI respectively. The Remuneration Committee also considered the underlying financial performance of the Company before it confirmed vesting.

Both performance conditions were measured to 31 December 2013 and the final outcome resulted in 0% of the TSR element vesting and 57.1% of the EPS element vesting. The combined vesting level of 28.55% for the LTIP and 0.28 matching award shares for every core award share held for the DBP resulted in awards vesting to participants in March 2014.

Other outstanding awards

Awards made in 2013 and vesting in respect of performance to 31 December 2015

For awards made in 2013, 50% of an award is subject to TSR with the Company's TSR performance ranked against the constituents of the FTSE 250 index (excluding financial services companies and investment trusts) over a three year performance period. Threshold performance for the TSR performance condition will be at the median point of the comparator group and will result in 25% of an award vesting. Full vesting for the TSR element will be at the upper quartile point of the comparator group. A straight line sliding scale will operate between each of the above points. Below threshold performance none of the award will vest.

50% of the award will be subject to EPS growth over a three year performance period. For awards made in 2013 the EPS growth figures were set at 6% per annum for 25% vesting and 12% per annum for full vesting. A straight line sliding scale will operate between each of the above points and below 6% EPS growth none of the award will vest. Subject to satisfaction of performance conditions to 31 December 2015, these awards will vest in March 2016.

Awards made in 2014 and vesting in respect of performance to 31 December 2016

Long Term Incentive Plan 2014 awards

The table below provides details of the awards made under the LTIP on 2 April 2014. Performance for these award is measured over the three financial years from 1 January 2014 to 31 December 2016. They are subject to the same performance conditions as for the 2013 award except that the EPS growth figure is an absolute growth figure of 6% per annum for threshold with 25% of this part of the award vesting and EPS absolute growth of 12% plus per annum resulting in all of this part of the award vesting, with a straight line sliding scale between these two points. None of this part of the award will vest for EPS absolute growth lower than 6% per annum.

Dividends that would have been paid on shares vesting under the LTIP during the performance period are re-invested in additional shares for each of the above awards.

There is no re-testing of any performance condition under any of the above awards and the Remuneration Committee will also consider the underlying financial performance of the Company before it confirms vesting of any of the above awards.

TSR is calculated on the basis of growth in the Company's share price over a three year performance period plus dividends paid during that period and is expressed as a percentage of average compound annual growth. Share price performance is averaged over three months at the start and end of a performance period to eliminate volatility that may result in anomalous outcomes. The TSR performance is independently verified by Deloitte on behalf of the Committee and is ranked against the comparator group companies' TSR performance to determine the outcome.

Long Term Incentive Plan 2014 awards

Director	Type of award	Number of shares awarded	Face value* (£)	Face value (% of salary)	Threshold vesting (% of face value)	Maximum vesting (% of face value)	End of performance period
Stephen Bird	Performance shares	65,958	£409,271	100%	25%	100%	31 December 2016
Paul Hayes		45,343	£281,357	100%			

* Face value has been calculated using the Company's share price at the date of the award of 620.5 pence.

Deferred Bonus Plan 2014 awards

The following table provides details of the awards made under the DBP on 31 March 2014. The same performance conditions apply to these awards as described above for LTIP awards made in 2014.

Director	Type of award	Number of core shares awarded	Face value* (£)	Threshold vesting (% of face value)	Maximum vesting (% of face value)	End of performance period
Stephen Bird	Core award shares using deferred annual cash bonus	28,313	£177,805	1 matching share for every 3 core award shares	1 matching share for every 1 core award share	31 December 2016
Paul Hayes		20,147	£126,523			

* Face value has been calculated using the Company's share price at the date of the award of 628 pence.

Remuneration Report
Annual Report on Remuneration continued

Payments to Past Directors
There were no payments in 2014 to past directors of the Company.

Chairman and Non-Executive Directors
The Chairman and Non-Executive Directors were paid the following fees in 2014:

Role	2014 Annual Fee	Comment
Chairman	£140,000	The fee was agreed upon the Chairman's appointment to the Board on 15 March 2012. The fee will be reviewed in 2015.
Non-Executive Director	£41,000	Base fee paid to Non-Executive Directors. Fee effective from 1 January 2014.
Chairman of Audit Committee	£10,000	Fee was increased on 1 January 2014. The fee will be reviewed in 2015.
Chairman of Remuneration Committee	£9,000	Fee was increased on 1 January 2014. The fee will be reviewed in 2015.
Senior Independent Director	£6,000	Fee was increased on 1 January 2014. The fee will be reviewed in 2015.

Fees for the Chairman, Non-Executive Directors, Committee Chairmen and Senior Independent Director roles are reviewed annually by the Board with the support of Deloitte providing market data to ensure that fees remain appropriate given time commitment and the need to attract the right experience for the role. There is no commitment to increase fees annually. The Chairman and Non-Executive Directors do not receive any other benefits from the Company.

Directors' Shareholding Requirements and Share Interests
The Board has determined that Executive Directors of the Company are required to build up, over a reasonable period of time, a substantial holding of shares in the Company of at least one times base salary. A reasonable period is considered to be the life of a performance period tied to an award vesting under the Company's LTIP or DBP. Both Executive Directors satisfied this requirement throughout the whole of 2014 and up to the date of this report. Other members of the Operations Executive are encouraged to do the same up to a level of 50% of base salary. Each member of the Operations Executive has achieved this level of shareholding by 31 December 2014.

The Chairman and Non-Executive Directors of the Company have no such requirement and have discretion as to whether to hold shares in the Company or not. The following table sets out the interests in the Ordinary Shares of the Company held by each Director (or connected persons) of the Company during the year ended 31 December 2014:

Executive Director's shareholdings as at 31 December 2014

Executive Director	Share ownership requirement (% of salary)	Number of shares owned outright (including connected persons)	Number of shares beneficially owned (DBP core award shares)	Number of shares unvested and subject to performance (DBP matching and LTIP shares)	Ownership requirements met (based on shares owned outright and core award shares)
Stephen Bird	100%	173,228	67,228	253,143	349%
Paul Hayes	100%	29,000	40,036	167,844	145%

Chairman's and Non-Executive Directors' shareholdings as at 31 December 2014

Director	1 January 2014	31 December 2014
John McDonough, Chairman	50,000	50,000
Nigel Moore	26,154	26,154
Carolyn Fairbairn	-	-
Mark Rollins	-	4,900
Christopher Humphrey	5,000	5,000
Lorraine Rienecker	-	-

1. The closing mid-market share price on 31 December 2014 was £5.935 and the calculation of the percentage shareholding requirement achieved for the Executive Directors is based on this closing mid-market share price.
2. The shares shown in the beneficial holdings table above were acquired by the Directors using their own funds and not through any share incentive scheme (or similar) with the exception of the following disclosures in notes 3 and 4 below.
3. Stephen Bird's share interests include 67,228 shares (at 31 December 2014) purchased in the market using deferred annual cash bonus and held by the Employee Benefit Trust, the trust used to hold shares in respect of awards made under the Vitec Group 2005 DBP. These shares will vest out of the DBP in 2015, 2016 and 2017 respectively. Neither these shares nor any of the other shares held by Stephen Bird have any performance conditions attached to them. During the year ended 31 December 2014 Stephen Bird acquired 19,590 shares and 11,724 shares through the exercise of awards under the LTIP and DBP respectively arising from awards made in 2011.
4. Paul Hayes' share interests include 40,036 shares (at 31 December 2014) purchased in the market using deferred annual cash bonus and held by the Employee Benefit Trust, the trust used to hold shares in respect of awards made under the Vitec Group 2005 DBP. These shares will vest out of the DBP in 2015, 2016 and 2017 respectively. Neither these shares nor any of the other shares held by Paul Hayes have any performance conditions attached to them.
5. There has been no change to the Directors' shareholdings described in the table above in the period from 31 December 2014 to 24 February 2015.

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Sharesave

The Group operates an all-employee savings-related share option scheme in the UK (Sharesave) and a similar international plan in respect of overseas employees in certain countries (US, Italy, Costa Rica, France and Germany). The scheme and plan are open to all the Group's employees in those countries, including the Executive Directors. Both Stephen Bird and Paul Hayes participate in the UK scheme and the details are shown below.

Director	Date of grant	At 1 January 2014 (shares)	Options exercised during the year	Options lapsed during the year	Options granted during the year	At 31 December 2014 (shares)	Exercise price (pence)	Market price at date of grant (pence) (1) & (2)	Date from which exercisable (3)	Expiry date
Stephen Bird	26 September 2012	1,657	-	-	-	1,657	543	678.5	1 November 2015	30 April 2016
Paul Hayes	26 September 2012	1,657	-	-	-	1,657	543	678.5	1 November 2015	30 April 2016
	25 September 2014	-	-	-	743	743	484	604.75	1 November 2017	30 April 2018

(1) The market price for the grant of shares under option was calculated on the basis of a three day average of the closing mid-market share price from 29 August 2012 to 31 August 2012 inclusive. A 20% discount was applied to this price under this HMRC approved Sharesave plan.

(2) The market price for the grant of shares under option was calculated on the basis of a three day average of the closing mid-market share price from 27 August 2014 to 29 August 2014 inclusive. A 20% discount was applied to this price under this HMRC approved Sharesave plan.

(3) There is no performance condition attached to the exercise of the Sharesave plan which is an all-employee plan.

Long Term Incentive Plan

Each year the Executive Directors are made a conditional award of shares in the Company. Up until 2015 this has been at a level representing 100% of annual base salary, based on the three day average closing mid-market share price of the Company in the period just prior to the award. From 2015, awards to Executive Directors have been increased to a level representing 125% of annual base salary to partly compensate for the removal of the matching share award element under the Deferred Bonus Plan. Both Executive Directors have agreed to waive this increase in 2015 and so awards in 2015 will be at the level representing 100% of annual base salary. The award is subject to satisfaction of performance conditions over a three year performance period. The following table sets out the outstanding awards under the LTIP as at 31 December 2014 for each of the Executive Directors:

Director	Date of award	Awards at 1 January 2014	Award exercised during the year	Associated dividend shares with the exercised award	Awards lapsed during the year	Awards made during the year	At 31 December 2014	Market price on which award made (pence)	Market price at exercise date (pence)	Face value of award	Percentage of interest that vests if threshold performance achieved	End of performance period
Stephen Bird	14 March 2011	62,352	17,801	1,789	44,551	-	-	595	624.75	100% of annual salary	35%	31 December 2013
	16 April 2012 (1)	58,124	-	-	-	-	58,124	674	-	100% of annual salary	25%	31 December 2014
	21 March 2013	61,833	-	-	-	-	61,833	645	-	100% of annual salary	25%	31 December 2015
	2 April 2014	-	-	-	-	65,958	65,958	620.5	-	100% of annual salary	25%	31 December 2016
Total		**182,309**	**17,801**	**1,789**	**44,551**	**65,958**	**185,915**					
Paul Hayes	16 April 2012 (1)	39,958	-	-	-	-	39,958	674	-	100% of annual salary	25%	31 December 2014
	21 March 2013	42,507	-	-	-	-	42,507	645	-	100% of annual salary	25%	31 December 2015
	2 April 2014	-	-	-	-	45,343	45,343	620.5	-	100% of annual salary	25%	31 December 2016
Total		**82,465**	**-**	**-**	**-**	**45,343**	**127,808**					

(1) The LTIP award made on 16 April 2012 did not achieve either of its performance conditions based on EPS growth and TSR performance compared to a comparator group. As a consequence the award will lapse on its third anniversary of 16 April 2015.

Remuneration Report
Annual Report on Remuneration continued

Deferred Bonus Plan

Each year, Executive Directors are required to defer a proportion of their annual bonus into the DBP. Bonuses deferred up until the 2014 AGM and used to purchase core award shares could attract matching award shares subject to satisfaction of performance conditions over a three year performance period. Following consultation with shareholders and in line with best practice, the matching award element has been removed from the DBP for awards from the 2014 AGM onwards.

Director	Date of award	Awards at 1 January 2014 (shares)	Awards exercised during the year	Associated dividend shares with the exercised awards	Awards lapsed during the year	Awards made during the year	At 31 December 2014	Market price on which award made (pence)	Market price at exercise date (pence)	Face value of award	Percentage of interest that vests if threshold performance achieved	End of performance period
Stephen Bird	29 March 2011 (core award)	28,690	28,690	-	-	-	-	608	624.75	100% of annual bonus	Not applicable	31 December 2013
	29 March 2011 (matching award)	28,690	8,033	3,691	20,657	-	-	608	624.75	100% of annual bonus	33.30%	31 December 2013
	12 April 2012 (core award)	22,946	-	-	-	-	22,946	677	-	100% of annual bonus	Not applicable	31 December 2014
	12 April 2012 (matching award)	22,946	-	-	-	-	22,946	677	-	100% of annual bonus	33.30%	31 December 2014
	8 April 2013 (core award)	15,969	-	-	-	-	15,969	641	-	50% of annual bonus	Not applicable	31 December 2015
	8 April 2013 (matching award)	15,969	-	-	-	-	15,969	641	-	50% of annual bonus	33.30%	31 December 2015
	31 March 2014 (core award)	-	-	-	-	28,313	28,313	628	-	50% of annual bonus	Not applicable	31 December 2016
	31 March 2014 (matching award)	-	-	-	-	28,313	28,313	628	-	50% of annual bonus	33.30%	31 December 2016
Total		**135,210**	**36,723**	**3,691**	**20,657**	**56,626**	**134,456**					

Director	Date of award	Awards at 1 January 2014 (shares)	Awards exercised during the year	Associated dividend shares with the exercised awards	Awards lapsed during the year	Awards made during the year	At 31 December 2014	Market price on which award made (pence)	Market price at exercise date (pence)	Face value of award	Percentage of interest that vests if threshold performance achieved	End of performance period
Paul Hayes	12 April 2012 (core award)	8,843	-	-	-	-	8,843	677	-	100% of annual bonus	Not applicable	31 December 2014
	12 April 2012 (matching award)	8,843	-	-	-	-	8,843	677	-	100% of annual bonus	33.30%	31 December 2014
	8 April 2013 (core award)	11,046	-	-	-	-	11,046	641	-	50% of annual bonus	Not applicable	31 December 2015
	8 April 2013 (matching award)	11,046	-	-	-	-	11,046	641	-	50% of annual bonus	33.30%	31 December 2015
	31 March 2014 (core award)	-	-	-	-	20,147	20,147	628	-	50% of annual bonus	Not applicable	31 December 2016
	31 March 2014 (matching award)	-	-	-	-	20,147	20,147	628	-	50% of annual bonus	33.30%	31 December 2016
Total		**39,788**	**–**	**–**	**–**	**40,294**	**80,072**					

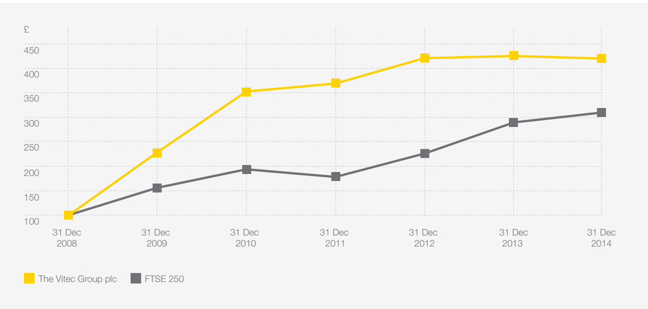
Note: The DBP award made on 12 April 2012 did not achieve either of its performance conditions based on EPS growth and TSR performance compared to a comparator group. As a consequence the matching award will lapse on its third anniversary of 12 April 2015.

Performance graph of the Company's ordinary shares compared to comparator group

From 2013, the Company is required to include a line graph showing the Company's ordinary share performance compared to an appropriate index initially over a five year period, but building up to a ten year performance period over subsequent years. The graph below illustrates the Company's annual Total Shareholder Return (TSR) (share price growth plus dividends that have been declared, paid and re-invested in the Company's shares) relative to the FTSE 250 for the preceding six year period, assuming an initial investment of £100. This index has been chosen since it is the comparator group (excluding financial services companies and investment trusts) for one of the performance conditions tied to awards under the LTIP. The Committee notes that the FTSE 250 index is a recognised broad market equity index, relatively complex and international in nature and is comparable to the Company's business operations where approximately 90% of revenues are generated outside the UK.

Each point is a 30 trading day average of the indices. TSR data is taken from Datastream.

TSR comprises share price growth plus dividends paid over a three year period and is expressed as a percentage of average compound annual growth.



Performance table setting out the total remuneration of the Group Chief Executive

The following table sets out the single figure of total remuneration paid and the amount vesting under short-term and long-term incentives (as a percentage of the maximum that could have been achieved) to the Group Chief Executive for each of the six years ended 31 December 2014.

Year (ended 31 December)	Group Chief Executive	CEO single figure of total remuneration	Annual Bonus payout against maximum opportunity % (including actual amount paid)	Long-term incentive vesting rates against maximum opportunity %
2014	Stephen Bird	£745,388	44.25% (£226,378)	-
2013	Stephen Bird	£1,057,407	71% (£355,616)	28.55% (£195,634)
2012	Stephen Bird	£1,697,841	79.4% (£386,434)	92.4% (£817,428)
2011	Stephen Bird	£2,053,828	87.3% (£323,816)	100%
2010	Stephen Bird	£812,946	98.75% (£355,994)	-
2009	Stephen Bird (from 14 April 2009)	£487,087	68.7% (£172,069)	-
2009	Alastair Hewgill (from 1 January 2009 to 14 April 2009)	£151,634	42% (£51,911)	-

Percentage change in remuneration of the Group Chief Executive

The table below sets out a comparison of the following elements of remuneration paid to the Group Chief Executive, Stephen Bird, in the year ended 31 December 2014 compared to the year ended 31 December 2013 and compared to that of UK based employees: Annual Salary; Taxable Benefits; and Annual Bonus. The Remuneration Committee has selected this comparator group on the basis that the Group Chief Executive is UK based and this provides a local market reference, is a sizeable population and a fair representation of the Group's employee base.

	Annual Salary (% change in 2014 compared to 2013)	Taxable benefits (% change in 2014 compared to 2013)	Annual Bonus (% change in 2014 compared to 2013)
Stephen Bird, Group Chief Executive	2.5%	2.5%	-25%
UK based employees	2.5%	2.5%	-51%

Relative importance of spend on pay

The following table sets out for the year ended 31 December 2014 compared to the year ended 31 December 2013 the actual expenditure of the Company in terms of remuneration paid to or receivable by all employees of the Vitec Group and distributions to shareholders by way of dividends. There have been no share buybacks or other significant distributions and payments required to be disclosed that would assist in understanding the relative importance of spend on pay.

	Year ended 31 December 2014	Year ended 31 December 2013	% change
Total remuneration paid to all Vitec Group employees	£90.7m	£92.5m	-1.9%
Total dividends paid to shareholders	£10.3m	£9.8m	5.1%

Statement of Implementation of Remuneration Policy in the Year Ending 31 December 2015

This section provides an overview of how the Committee is proposing to implement the Remuneration Policy in 2015.

(1) Base salary

The table below sets out the 2015 base salary for each Executive Director, together with the percentage increase from 2014:

Executive Director	2015 Salary	Increase
Stephen Bird	£419,503	2.5%
Paul Hayes	£288,391	2.5%

In determining the increases for 2015, the Committee took into account a number of factors, including Company and individual performance, the executive's responsibilities and experience, pay increases for the Company's employees, market rates for Executive Director remuneration, the need for retention of a talented executive team and prevailing economic conditions.

(2) Benefits

The car allowance taxable benefit has been increased in line with base salary increases for 2015. The other taxable benefits of private healthcare and income protection are respectively premium based and contractually based.

Remuneration Report
Annual Report on Remuneration continued

(3) Pension allowance
The pension allowances remain unchanged from 2014 representing 20% of base salary. Both Executive Directors currently take this contribution in the form of a cash payment. The table below shows the value of the cash allowance in 2015:

Executive Director	Pension contribution
Stephen Bird	£83,900
Paul Hayes	£57,678

(4) Annual Bonus
The maximum opportunity remains unchanged since 2014 at 125% of base salary. Half of any annual bonus earned for the year ended 31 December 2015 will be deferred into the DBP for a period of three years and held in the form of shares in the Company. There will be no matching award that can be earned on this deferred bonus. The table below provides information on the performance measures against which performance for the 2015 annual bonus plan will be measured:

Core measures for 2015 annual bonus plan	Weighting (% of overall opportunity)
Group profit before tax*	50%
Group percentage of operating profit* converted to operating cash flow#	25%
Role specific personal objectives set by the Board and Remuneration Committee for the Executive Director	25%

The performance measures selected reflect the strategic and operational objectives of the Group. The Committee considers that the specific targets and personal objectives for 2015 are commercially sensitive and therefore has not disclosed them. The Committee will disclose these targets and objectives once a bonus has been paid and subject to the Committee considering that they are no longer commercially sensitive.

(5) Long Term Incentive Plan
Executive Directors will receive an award of shares under the LTIP equivalent to 100% of base salary in 2015. As advised in the 2013 Remuneration Report, to part compensate for the removal of the matching award element of the Deferred Bonus Plan the Committee has agreed that LTIP awards from the 2014 AGM to Executive Directors will be at the rate of 125% of salary from that date. Both Executive Directors have agreed to waive this increase in 2015. These awards will be made in the 42 day period following the announcement of the full year results for the year ended 31 December 2014 that will be announced on 25 February 2015. There will be no changes to the performance conditions from the awards granted in 2014, namely: 50% of the award will be subject to TSR with the Company's TSR performance ranked against the constituents of the FTSE 250 index (excluding financial services companies and investment trusts) over a three year performance period; and 50% of the award will be subject to adjusted basic earnings per share* growth over a three year performance period. The Remuneration Committee has determined that the EPS targets for minimum and maximum vesting levels for 2015 will be 6% and 12% absolute growth per annum. Both Executive Directors have further agreed that any awards vesting under the LTIP 2015, after deduction of taxes, will be subject to a further two year holding period, thereby more closely aligning their interests with the long-term interests of shareholders.

Malus and clawback
Under the rules of the Annual Bonus Plan, Long Term Incentive Plan and Deferred Bonus Plan, awards up until 2015 have been subject to a malus rule whereby the Remuneration Committee has the power to reduce, cancel or impose further conditions upon a bonus or award in circumstances that the Committee determines such action is appropriate including circumstances where a material misstatement of the Company's audited financial results has occurred or serious reputational damage to the Company has occurred as a result of a participant having breached the Company's Code of Business Conduct. Under the UK Corporate Governance Code that was published in 2014, which applies to financial periods commencing on or after 1 October 2014 companies are now expected to include both clawback and malus provisions for all incentive awards. The Remuneration Committee has taken the decision to amend the rules of the LTIP, DBP and Annual Bonus Plan with effect from February 2015, to include a clawback provision where in the same circumstances as for malus, any future award that is paid out can be clawed back from a participant for a period of up to three years from it vesting or being paid out.

(6) Chairman and Non-Executive Directors' remuneration
The fee structure for the Chairman and Non-Executive Directors for 2015 is set out in the table below:

Role	2015 fee	2014 fee
Chairman	£140,000*	£140,000
Non-Executive Director's Base fee	£42,025**	£41,000
Chairman of Audit Committee	£10,000***	£10,000
Chairman of Remuneration Committee	£9,000***	£9,000
Senior Independent Director	£6,000***	£6,000

* The Chairman's fee will be reviewed by the Board in mid-2015 taking into account the nature of the role, the time commitment, performance of the individual and market conditions for the level of complexity of the role and the calibre of the individual. The fee disclosed above was put in place upon the Chairman's appointment in March 2012.

** The Non-Executive Director's base fee was increased by 2.5% with effect from 1 January 2015.

*** The Chairman of the Audit Committee, Chairman of the Remuneration Committee and Senior Independent Director fees will be reviewed by the Board in mid-2015 to ensure that they remain appropriate taking into account the nature of each role, the time commitment, performance of the respective individuals, market conditions for the complexity of the roles and the calibre of individuals. The last increases for each of these roles were with effect from 1 January 2014.

The Board has agreed that the basic Non-Executive Director fee will typically be increased in line with the level of salary increases given to Executive Directors on an annual basis in future years and that the fees paid to the Chairman, Senior Independent Director and Chairman of the Audit and Remuneration Committee will be reviewed again in July 2015.

Voting at Annual General Meeting

At the Company's last AGM held on 8 May 2014, the Directors' Remuneration Policy Report and the Directors' Annual Remuneration Report for the year ended 31 December 2013 were put to separate votes from shareholders of the Company. The Policy Report resolution set out the policy for Directors' remuneration from the date of the 2014 AGM through to the 2017 AGM and was a binding vote by way of an ordinary resolution. The intention is that the Policy Report will remain in place for three years setting out Directors remuneration. No payments outside of this Policy can be made to Directors without shareholders having approved a revised policy in advance of payment. A second resolution was put to shareholders on the Annual Remuneration Report, which is an advisory vote by way of an ordinary resolution that set out the detail of remuneration paid to Directors during 2013. Both resolutions were voted and approved by shareholders on a poll. The table below sets out the proxy votes voted for, against and withheld against both resolutions. In 2015 and 2016, shareholders will be asked to vote on the Annual Remuneration Report at the respective year's AGM. Only if there is a need for the Policy Report to be changed in these years will shareholders be asked to reconsider the Policy Report or if shareholders do not approve the Annual Remuneration Report.

Resolution	For proxy votes and % of votes cast	Against proxy votes and % of votes cast	Withheld proxy votes
Binding vote on Remuneration Policy Report	33,140,814 (96%)	1,380,577 (4%)	2,210,503
Advisory vote on the Remuneration Report for the year ended 31 December 2013	33,953,787 (98.4%)	562,604 (1.6%)	2,215,503

As at the date of the Company's AGM on 8 May 2014 the Company had 44,186,930 Ordinary Shares in issue. The Remuneration Committee considers that an against or withheld vote of 20% or more of the votes cast is deemed to be significant in connection with a resolution on Directors' remuneration. Based on the level of support to both resolutions on remuneration at the 2014 AGM, the Committee did not consider that there were any significant issues of concern. In the event that a significant level of concern is raised at future AGMs, both the Chairman of the Board and the Chairman of the Remuneration Committee will contact the Company's major shareholders following an AGM to understand the precise detail of the concern being raised. Subject to that, the Committee and the Board as a whole will consider how best to address the concern being raised. This may involve a revision to the Company's Policy on Directors' Remuneration at a subsequent AGM or some other change which can be implemented without further shareholder consultation. The Committee and the Board are committed to an open and transparent dialogue with shareholders on material matters of concern.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee comprised the following members during 2014:

Carolyn Fairbairn - Chairman, Nigel Moore, Mark Rollins, Lorraine Rienecker and Christopher Humphrey.

All of the Committee members are independent Non-Executive Directors.

The Committee, on behalf of the Board, determines the policy base salaries, annual cash bonus arrangements, participation in incentive schemes, pension arrangements and all other benefits received by the Executive Directors.

The Committee also oversees the framework of remuneration, for the Operations Executive, including terms of service, pay structure, annual cash bonus, pensions, share incentive arrangements and all other benefits.

The Committee invites individuals to attend meetings, as it deems necessary, to assist with consideration of remuneration matters. The Chairman, John McDonough, the Group Chief Executive, Stephen Bird, the Group Finance Director, Paul Hayes, the Group Company Secretary, Jon Bolton and the Group Development and HR Director, Martin Green, attended meetings by invitation in the year ended 31 December 2014. The Executive Directors or members of the Operations Executive are not present when their own remuneration is being considered.

The remuneration of the Chairman and the Non-Executive Directors is determined by the Board as a whole, with the Chairman or the relevant Non-Executive Director abstaining when his or her remuneration is considered.

For further information regarding governance for the Remuneration Committee see pages 48 and 49 of this Annual Report.

External advisors

The Committee received independent advice from Deloitte LLP as the Committee's appointed remuneration advisor during the year ended 31 December 2014. Deloitte have a wide range of experience and knowledge on executive remuneration for multinational companies such as the Company and are able to provide detailed background and context to enable the Committee to come to an informed decision on executive remuneration. This advice related to disclosures in the 2013 Directors' Remuneration Report, measurement of performance conditions associated with long-term incentive arrangements, a proposal to renew the Company's LTIP and DBP at the 2014 AGM and general remuneration advice. Deloitte's total fees for 2014 work and advice relating to executive remuneration was £26,350 (2013: £58,800). Deloitte also provided other services to the Company during the year, including work and advice relating to expatriate tax, international relocations and corporate finance. Deloitte is a member of the Remuneration Consultants Group and operates under that group's voluntary code of practice for remuneration consultants in the UK. The Committee is satisfied that the advice they have received from Deloitte during 2014 has been objective and independent. The Committee also received advice and administrative support during 2014 from the Group Company Secretary, Jon Bolton, and the Group Business Development and HR Director, Martin Green.

This Annual Remuneration Report has been approved by the Remuneration Committee and signed on its behalf by:

Carolyn Fairbairn
Chairman, Remuneration Committee

24 February 2015

Directors' Report

Strategic Report

The statements and reviews on pages 1 to 39 comprise the Strategic Report which contains certain information, outlined below, that is incorporated into this Directors' Report by reference:

- an indication of the Group's likely future business developments;
- an indication of the Group's research and development activities;
- information on the Group's policies for the employment of disabled persons and employee involvement; and
- the Group's disclosures regarding greenhouse gas emissions.

Directors

The Directors who held office at 31 December 2014 and up to the date of this report are set out on pages 38 and 39 along with their photographs and biographies.

There were no changes to the Board during the year and up to the date of this report.

All current Directors, with the exception of Nigel Moore, will be standing for reappointment at the forthcoming AGM to be held on Tuesday, 12 May 2015. The remuneration of the Directors including their respective shareholdings in the Company is set out in the Remuneration Report on pages 56 to 73.

Directors' and Officers' liability insurance and indemnification of Directors

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. The Company has also granted indemnities to each of its Directors to the extent permitted by law. Qualifying third party indemnity provisions (as defined in Section 324 of the Companies Act 2006) were adopted on 16 March 2009 for those Directors on the Board at that time and have been agreed by all Directors joining the Board since that date. These indemnities remain in force in relation to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors of the Company.

Share capital

The Company has only ordinary shares of 20 pence nominal value in issue. Note 4.3 to the consolidated financial statements on page 114 summarises the rights of the ordinary shares as well as the number issued during 2014. An analysis of shareholdings is shown on page 132. The closing middle market price of a share of the Company on 31 December 2014, together with the range during the year, is also shown on page 132. For details of own shares held by the Company see note 4.3 to the consolidated financial statements.

Substantial shareholdings

As at 24 February 2015, the Company had been advised under the Disclosure and Transparency Regime, or had ascertained from its own analysis, that the following held interests of 3% or more of the voting rights of its issued share capital:

Shareholder	Number of voting rights	% of voting rights
Delta Lloyd NV	6,514,780	14.70
Manfrotto	4,788,702	10.80
Aberforth Partners	4,636,607	10.46
Fidelity Investments	4,457,048	10.06
M&G Investment Management	2,860,966	6.45
Schroder Investment Management	2,381,738	5.37
Heronbridge Investment Management	2,240,049	5.05
JO Hambro Capital Management	2,154,255	4.86
Nmás1	2,116,142	4.77
Royal London Asset Management	2,074,092	4.68

Committees of the Board

The Board has established Audit, Nominations and Remuneration Committees. Details of these Committees, including membership and their activities during 2014 are contained in the Corporate Governance section of this Annual Report and in the Remuneration Report.

Corporate responsibility

The Group's report on corporate responsibility is set out on pages 28 to 37. The Group has a Code of Business Conduct which has been communicated to all employees and is available on the Company's website. The Group has also adopted specific policies which cover the following key areas: health and safety; risk and fraud; employment; whistleblowing; the environment; human rights; community impact and involvement; and relationships with suppliers, customers and other stakeholders. It regularly reviews these policies and revises them as and when necessary.

Corporate governance

The Group's report on Corporate Governance is on pages 40 to 55 and forms part of this Directors' Report.

Companies Act 2006 disclosures

In accordance with Section 992 of the Companies Act 2006 the Directors disclose the following information:

- The Company's capital structure and voting rights are summarised on page 114, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- There exist no securities carrying special rights with regard to the control of the Company;
- Details of the substantial shareholders and their shareholdings in the Company are listed above;
- Shares awarded under the core award of the Company's Deferred Bonus Plan are held in a nominee capacity by the Employee Benefit Trust (EBT). The Trustees of the EBT do not seek to exercise voting rights on shares held in the EBT. No voting rights are exercised in relation to shares unallocated to individual beneficiaries;
- The rules concerning the appointment and replacement of Directors, amendment to the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;

- There exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- There exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid.

Articles of Association
The Company's Articles of Association set out the rights of shareholders including voting rights, distribution rights, attendance at general meetings, powers of directors, proceedings of directors as well as borrowing limits and other governance controls. A copy of the Articles of Association can be requested from the Group Company Secretary.

Conflicts of interest
During the year no Director held any beneficial interest in any contract significant to the Company's business, other than a contract of employment. The Company has procedures set out in the Articles of Association for managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they are required to notify the Board as soon as reasonably practicable.

Political donations
Further to shareholder approval at the 2013 AGM empowering the Directors to make political donations, it is confirmed that no such donations were made in the year ended 31 December 2014. The Company's policy is not to make political donations.

Financial instruments
The financial risk management objectives and policies of the Group and the exposure of the Group to foreign currency risk, interest rate risk, and liquidity risk is outlined in note 4.2 to the consolidated financial statements in page 112.

Going concern
The Directors have made appropriate enquiries and consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements
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 IFRS as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards.

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;
- For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- For the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; 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.

In addition, each of the Directors considers that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides all the information necessary for shareholders to assess the Company's performance, business model and strategy.

Disclosure of information to the auditor
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information (as defined in Section 418(2) of the Companies Act 2006) of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting (AGM)
The 2015 AGM will be held at 10.00am on Tuesday, 12 May 2015 at Prince Philip House, 3 Carlton House Terrace, London SW1Y 5DG.

The Chairmen of the Board and of each of its Committees will be in attendance at the AGM to answer questions from shareholders. With the exception of Nigel Moore who will be retiring from the Board at the close of the 2015 AGM, all Directors will be standing for reappointment at the AGM.

The Company will be making use of the electronic voting facility provided by its registrars, Capita Asset Services. The facility includes CREST voting for members holding their shares in uncertificated form. For further information, please refer to the section on online services and electronic voting set out in the notes to the Notice of Meeting.

The notice of the AGM and an explanation of the resolutions to be put to the meeting are set out in the Notice of Meeting accompanying this Annual Report. The Board fully supports all the resolutions and encourages shareholders to vote in favour of each of them as they intend to in respect of their own shareholdings.

Auditor
KPMG LLP has expressed its willingness to continue in office as auditor and separate resolutions will be proposed at the forthcoming AGM concerning their reappointment and to authorise the Board to agree their remuneration.

By order of the Board

Jon Bolton
Group Company Secretary

24 February 2015

Independent Auditor's Report to the members of The Vitec Group plc only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of The Vitec Group plc for the year ended 31 December 2014 set out on pages 79 to 131. 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;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards; 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

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit are shown in the table below.

For further reference to these risks, refer to pages 52 to 55 (Report from Nigel Moore, Chairman of the Audit Committee) and page 86 (Significant judgements, key assumptions and estimates).

	The risk	Our response
Carrying value of inventory (£55.0 million) Refer to note 3.3 of the financial statements	The inventory held at the year end covers a wide range of products and the demand for these and the ability of the Group to sell this inventory in the future may be adversely affected by many factors. Such factors include changes in customer and consumer preferences, competitor activity including pricing and the introduction of new products and technology. The risk is that the Group may not recover the cost of inventory via future sales, and may not hold appropriate provisions against obsolete and slow moving inventory. Accordingly, the net book value recorded may be materially incorrect.	Our audit procedures included: • inspecting the ageing of inventory to identify any slow moving inventory lines and we critically assessed whether appropriate provisions had been established for slow moving and obsolete inventory; • checking the average prices achieved on sales in the year across the range of product lines to test whether these exceeded the book value of inventory; • comparing the methodology and assumptions used by the Group in calculating the inventory provisions to those used in the prior years and, as part of this, we considered whether we would expect a change to the methodology and assumptions based on any changes to the current markets that the Group serves, noting the demand factors highlighted in this table; • considering the historical accuracy of provisions recorded by examining the utilisation or release of previously recorded provisions; and • considering the adequacy of the Group's disclosures (see note 3.3 of the financial statements) in relation to inventory.
Recoverability of trade receivables (£37.2 million) Refer to note 3.3 of the financial statements	Vitec sells products to a wide customer base located across numerous countries each with different macroeconomic environments, and with no dependency on any one particular customer. The recoverability of trade receivables is dependent on the credit worthiness of customers and their ability to settle the amounts due. There is a risk of non-payment and non recovery of the amounts recorded as trade receivables at the year end. Accordingly provisions for bad debt are required for amounts that are no longer considered recoverable.	Our audit procedures included: • considering the appropriateness of the provisions for bad debt recorded against trade receivable balances with reference to the ageing of receivables and cash received after the year end; • considering the historical accuracy of provisions for bad debt recorded by examining the utilisation or release of previously recorded provisions; and • considering the adequacy of the Group's disclosures (see note 3.3 of the financial statements) in relation to provisions for risks concerning recoverability of trade receivables.

	The risk	Our response
Current tax liability (£6.1 million) Refer to note 2.4 of the financial statements	The level of current tax liability recognised requires judgements as to the likely outcome of decisions to be made by the relevant tax authorities across the large number of tax jurisdictions in which the Group operates. There is a risk that the judgements on which tax liabilities are based do not take into account or properly reflect the latest available tax information or an appropriate application of tax legislation, and as a result the Group's tax liabilities are either over or understated.	Our audit procedures included: • challenging the appropriateness of the assumptions applied and estimates made in relation to current tax liabilities by considering the range of possible outcomes that may be assessed under the applicable tax laws; • involving our own tax specialists to assist in critically assessing the assumptions used by reference to international and local tax legislation in different jurisdictions; and • assessing whether the Group's tax disclosures set out in note 2.4 of the financial statements are appropriate and in accordance with relevant accounting standards.
Acquisition accounting – contingent considerations Refer to note 3.4 of the financial statements	Establishing the fair value of the contingent considerations for SIS and SmallHD is inherently subjective as it involves future projections and requires estimation with regard to future performance. There is a risk that the key assumptions, estimates and judgements, in particular those relating to the forecast revenue growth and profit margins, on which the calculations are based are inappropriate and that as a result the associated goodwill is understated. In addition, any payments that would be made relating to contingent considerations shall be charged to the Income Statement as and when incurred.	Our audit procedures included: • inspecting the forecasts that were approved by the Board to support the acquisitions and assessing these against the actual performance in 2014 of SIS and SmallHD; • challenging the key assumptions underlying the future forecast by considering past performance, competition and projected growth; • considering the historical accuracy of budgets and forecasts prepared by the Group; and • considering the adequacy of the Group's disclosures about the contingent consideration as set out in note 3.4 of the financial statements.

In our audit report for the year ended 31 December 2013, we included Goodwill carrying value as one of the risks of material misstatement. While we continue to perform audit procedures over this matter, we considered this risk to be less significant in 2014 as the impairment analysis for 2013 highlighted the level of headroom on all cash generating units.

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 £2.8 million. This has been determined with reference to a benchmark of Group gross revenue (of which it represents 1%). We consider revenue to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit before tax. We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.14 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group has over 50 reporting components and we subjected 26 in the UK, Italy and France to audits for Group reporting purposes and 6 in the UK, US and Costa Rica to specified risk-focused audit procedures. The latter were not individually financially significant enough to require an audit for Group reporting purposes, but did present specific individual risks that needed to be addressed. These Group procedures covered 74% of Group revenue, 79% of Group profit before tax and 83% of Group total assets.

The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to a materiality level of £2.0 million set by the Group audit team.

Detailed audit instructions were sent to all the auditors in these locations. These instructions covered the significant audit areas that should be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team. The Group audit team visited reporting components in the following locations: UK, US and Italy. Telephone meetings were held with the auditors at all other reporting component locations.

The remaining 26% of Group revenue, 21% of Group profit before tax and 17% of Group total assets is represented by 20 reporting components around the world. For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Independent Auditor's Report to the members of The Vitec Group plc only

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; and
- 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.

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 Statement 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 75, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 40 to 55 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 the report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 75, 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 financial statements 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 is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, 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.

Robert Brent (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

24 February 2015

Table of Contents

The notes are grouped under the following sections:

Each section sets out the accounting policies applied in producing these notes together with any key judgements and estimates used. Text boxes provide an introduction to each section.

Consolidated Income Statement

For the year ended 31 December 2014

	Notes	2014 £m	2013 £m
Revenue	2.1	**309.6**	315.4
Cost of sales	2.1	**(181.7)**	(181.3)
Gross profit		**127.9**	134.1
Operating expenses	2.1	**(100.3)**	(109.8)
Operating profit	2.1	**27.6**	24.3
Comprising			
- Operating profit before restructuring costs and charges associated with acquired businesses		**38.8**	39.5
- Restructuring costs	2.2	**(2.7)**	(11.4)
- Charges associated with acquired businesses	2.2	**(8.5)**	(3.8)
		27.6	24.3
Net finance expense	2.3	**(3.5)**	(3.9)
Loss on disposal of business		**(4.0)**	-
Profit before tax		**20.1**	20.4
Comprising			
- Profit before tax, excluding restructuring costs, charges associated with acquired businesses and disposal of business		**35.3**	35.6
- Restructuring costs	2.2	**(2.7)**	(11.4)
- Charges associated with acquired businesses	2.2	**(8.5)**	(3.8)
- Loss on disposal of business	3.5	**(4.0)**	-
		20.1	20.4
Taxation	2.4	**(7.1)**	(6.4)
Profit for the year attributable to owners of the parent		**13.0**	14.0
Earnings per share	2.5		
Basic earnings per share		**29.4p**	31.9p
Diluted earnings per share		**29.3p**	31.8p
Average exchange rates			
Euro		**1.24**	1.17
US$		**1.65**	1.56

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 £m	2013 £m
Profit for the year	**13.0**	14.0
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit obligation	**1.1**	0.1
Related tax	**(0.2)**	(0.3)
Items that are or may be reclassified to profit or loss:		
Foreign exchange gain recycled to the Income Statement on disposal of business	**(5.2)**	-
Currency translation differences on foreign currency subsidiaries	**4.5**	(2.8)
Net investment hedges - net (loss)/gain	**(2.0)**	0.5
Cash flow hedges - reclassified to the Income Statement	**(2.2)**	(1.5)
Cash flow hedges - effective portion of changes in fair value	**(2.0)**	2.6
Related tax	**1.3**	(0.3)
Other comprehensive expense, net of tax	**(4.7)**	(1.7)
Total comprehensive income for the year attributable to owners of the parent	**8.3**	12.3

Consolidated Balance Sheet

As at 31 December 2014

	Notes	2014 £m	2013 £m
Assets			
Non-current assets			
Intangible assets	3.1	**87.1**	76.3
Property, plant and equipment	3.2	**54.8**	53.5
Trade and other receivables	3.3	**0.5**	0.4
Derivative financial instruments	4.2	**-**	1.0
Deferred tax assets	2.4	**14.2**	14.0
		156.6	145.2
Current assets			
Inventories	3.3	**55.0**	55.3
Trade and other receivables	3.3	**51.1**	48.5
Derivative financial instruments	4.2	**1.5**	2.5
Current tax assets	2.4	**1.0**	2.7
Cash and cash equivalents	4.1	**9.2**	12.9
		117.8	121.9
Total assets		**274.4**	267.1
Liabilities			
Current liabilities			
Bank overdrafts	4.1	**1.3**	-
Interest-bearing loans and borrowings	4.1	**0.1**	-
Trade and other payables	3.3	**46.3**	48.1
Derivative financial instruments	4.2	**2.5**	0.1
Current tax liabilities	2.4	**6.1**	5.2
Provisions	3.6	**9.2**	6.5
		65.5	59.9
Non-current liabilities			
Interest-bearing loans and borrowings	4.1	**78.7**	74.4
Other payables	3.3	**-**	0.8
Post-employment obligations	5.2	**7.7**	9.1
Provisions	3.6	**2.1**	1.4
Deferred tax liabilities	2.4	**1.8**	1.3
		90.3	87.0
Total liabilities		**155.8**	146.9
Net assets		**118.6**	120.2
Equity			
Share capital		**8.9**	8.8
Share premium		**13.4**	12.1
Translation reserve		**(7.0)**	(4.3)
Capital redemption reserve		**1.6**	1.6
Cash flow hedging reserve		**(0.6)**	2.3
Retained earnings		**102.3**	99.7
Total equity	4.3	**118.6**	120.2
Balance Sheet exchange rates			
Euro		**1.29**	1.20
US$		**1.56**	1.66

Approved by the Board on 24 February 2015 and signed on its behalf by:

Paul Hayes
Group Finance Director

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Translation reserve £m	Capital redemption reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2014	**8.8**	**12.1**	**(4.3)**	**1.6**	**2.3**	**99.7**	**120.2**
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**13.0**	**13.0**
Other comprehensive income/(expense) for the year	**-**	**-**	**(2.7)**	**-**	**(2.9)**	**0.9**	**(4.7)**
Contributions by and distributions to owners							
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(10.3)**	**(10.3)**
Own shares purchased	**-**	**-**	**-**	**-**	**-**	**(1.5)**	**(1.5)**
Share-based payment charge, net of tax	**-**	**-**	**-**	**-**	**-**	**0.5**	**0.5**
New shares issued [(1)]	**0.1**	**1.3**	**-**	**-**	**-**	**-**	**1.4**
Balance at 31 December 2014	**8.9**	**13.4**	**(7.0)**	**1.6**	**(0.6)**	**102.3**	**118.6**
Balance at 1 January 2013	8.8	10.4	(2.0)	1.6	1.5	94.3	114.6
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	14.0	14.0
Other comprehensive income/(expense) for the year	-	-	(2.3)	-	0.8	(0.2)	(1.7)
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(9.8)	(9.8)
Own shares purchased	-	-	-	-	-	(1.5)	(1.5)
Share-based payment charge, net of tax	-	-	-	-	-	2.9	2.9
New shares issued [(1)]	-	1.7	-	-	-	-	1.7
Balance at 31 December 2013	8.8	12.1	(4.3)	1.6	2.3	99.7	120.2

[(1)] In 2014, the contingent consideration of Teradek was satisfied in part by the issue of new Vitec ordinary shares worth £0.5 million.
In 2013, the acquisition of Teradek was funded in part by the issue of new Vitec ordinary shares worth £1.3 million.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 £m	2013 £m
Cash flows from operating activities			
Profit for the year		13.0	14.0
Adjustments for:			
Taxation		7.1	6.4
Depreciation		14.2	12.4
Amortisation of intangible assets		5.3	4.5
Net gain on disposal of property, plant and equipment and software		(2.1)	(2.1)
Fair value gains on derivative financial instruments		0.2	-
Share-based payment charge		0.5	1.4
Fair value adjustment to contingent consideration since date of acquisition		4.2	0.8
Disposal of business		4.0	-
Net finance expense		3.5	3.9
Operating profit before changes in working capital and provisions		49.9	41.3
(Increase)/decrease in inventories		(2.1)	4.9
(Increase)/decrease in receivables		(2.7)	1.8
(Decrease)/increase in payables		(2.1)	3.1
(Decrease)/increase in provisions		(1.0)	1.3
Cash generated from operating activities		42.0	52.4
Interest paid		(3.3)	(3.6)
Tax paid		(3.5)	(8.5)
Net cash from operating activities		35.2	40.3
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and software		5.2	3.8
Purchase of property, plant and equipment		(17.5)	(19.3)
Capitalisation of software and development costs		(4.7)	(3.4)
Acquisition of businesses, net of cash acquired	3.4	(13.3)	(8.5)
Disposal of business		(1.3)	-
Net cash used in investing activities		(31.6)	(27.4)
Cash flows from financing activities			
Proceeds from the issue of shares		0.9	0.4
Own shares purchased		(1.5)	(1.5)
Proceeds from interest-bearing loans and borrowings		2.4	1.9
Dividends paid		(10.3)	(9.8)
Net cash used in financing activities		(8.5)	(9.0)
(Decrease)/increase in cash and cash equivalents	4.1	(4.9)	3.9
Cash and cash equivalents at 1 January		12.9	9.3
Effect of exchange rate fluctuations on cash held		(0.1)	(0.3)
Cash and cash equivalents at 31 December		7.9	12.9

Section 1 – Basis of Preparation

This section lays out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

The Vitec Group plc (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

As required by EU law (IAS Regulation EC 1606/2002) the Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), and have been approved by the Directors.

The financial statements are principally prepared on the basis of historical cost. Areas where other bases are applied are identified in the accounting policy outlined in the relevant note.

The Company has elected to prepare its parent company financial statements in accordance with UK GAAP.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, note 4.2 "Financial Instruments" includes the Group's financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to foreign currency risks, interest rate risks and liquidity risk.

The Group has considerable financial resources, including undrawn borrowing facilities at the end of the year of £63.5 million (see note 4.2 "Financial Instruments"). The Directors believe that the Group is well placed to manage its business risks.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Basis of consolidation
Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists when the Group has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries sold or acquired during the year are included in the financial statements up to, or from, the date that control exists.

Foreign currencies
The consolidated financial statements are presented in Sterling with the reporting currency of the Group's subsidiaries generally being that of the local country.

Transactions in foreign currencies are translated at the exchange rate on that day.

Foreign currency monetary assets and liabilities are translated at the year end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year end, a currency translation gain or loss may arise. Any such differences are recognised in the Income Statement.

Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate on the day of the transaction, unless they are stated at fair value in which case they are translated at the exchange rate of the day the fair value was determined.

The assets and liabilities of overseas companies, including goodwill and fair value adjustments arising on consolidation, are translated at the year end exchange rate.

The revenues and expenses of these companies are translated at the weighted average exchange rate for the year. Where differences arise between these rates, they are recognised in the translation reserve within equity and other comprehensive income.

The cash flows of these companies are translated at the weighted average exchange rate for the year.

In the consolidated financial statements, currency translation gains and losses on external loans and borrowings and on long-term inter-company loans that form part of the net investment in the subsidiaries are recognised directly in the translation reserve within equity and other comprehensive income.

In respect of all overseas companies, only those translation differences arising since 1 January 2004, the date of transition to IFRS, are presented as a separate component of equity. On disposal of such a company, the related translation reserve is released to the Income Statement as part of the gain or loss on disposal.

Section 1 – Basis of Preparation

Significant judgements, key assumptions and estimates
The following provides information on those policies that the Directors consider critical because of the level of judgement and estimation required which often involves assumptions regarding future events which can vary from what is anticipated. The Directors review the judgements and estimates on an ongoing basis with revisions to accounting estimates recognised in the period in which the estimates are revised and in any future periods affected. The Directors believe that the consolidated financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Group's performance and financial position.

Working capital
Provisions over trade receivables are maintained to reflect expected credit losses based on collection history and specific risks identified on a customer-by-customer basis. Provisions against slow-moving, excess and obsolete inventory are estimated to reflect its net realisable value. See note 3.3 "Working Capital".

Pension benefits
The actuarial valuations associated with the pension schemes involve making assumptions about discount rates, future salary increases, future pension increases and mortality rates. All assumptions are reviewed at each reporting date. Further details about the assumptions used are set out in Note 5.2 "Pensions".

Impairment testing
Goodwill is tested annually for impairment. Tests for impairment are based on discounted cash flows and assumptions (including discount rates, timing and growth prospects) which are inherently subjective. Details about the assumptions used are set out in note 3.1 "Intangible assets".

Acquisitions
Acquisitions are accounted for under the acquisition method, based on the fair value of the consideration paid. Assets, liabilities and assumed contingent considerations are measured at fair value and the purchase price is allocated to assets and liabilities based on these fair values. IFRS 3 requires the identification of acquired intangible assets as part of a business combination. The methods used to value such intangible assets require the use of estimates including forecast performance. Accordingly determining the fair values of assets and liabilities acquired and assumed contigent considerations involves the use of significant estimates and assumptions (including discount rates, asset lives and recoverability and forecast performance). Details concerning the acquisitions made in the year are set out in note 3.4 "Acquisitions".

Tax
The Group is subject to income taxes in a number of jurisdictions. Management is required to make judgements and estimates in determining the provisions for income taxes, deferred tax assets and liabilities recognised in the consolidated financial statements. Tax benefits are recognised to the extent that it is probable that sufficient taxable income will be available in the future against which temporary differences and unused tax losses can be utilised. Details on the tax charge and assets and liabilities recorded are set out in note 2.4 "Tax".

New standards and interpretations not yet adopted
There are no new standards, amendments to standards or interpretations which are expected to have a significant impact on the financial statements of the Group for the year ended 31 December 2014 or in the foreseeable future.

Section 2 – Results for the Year

This section focuses on the profitability of the Group. On the following pages you will find disclosures relating to the following:

2.1 Profit before tax (including segmental information)

2.2 Restructuring costs and charges associated with acquired businesses

2.3 Net finance expense

2.4 Tax

2.5 Earnings per share

2.1 Profit before tax (including segmental information)

This shows the analysis of the Group's Profit before tax by reference to its two Divisions. Further segmental information and an analysis of key operating expenses are also shown here.

Accounting policies

Revenue recognition
Revenue is stated exclusive of sales tax and consists of sales to third parties after an allowance for returns, trade discounts and volume rebates.

Goods and services sold
Revenue from the sale of goods is recognised when both the significant risks and rewards of ownership have been transferred to the customer and the amount of revenue can be measured reliably. This is normally when title passes to the customer.

Revenue from rental of assets is recognised over the duration of the rental contract, on a straight line basis, at the amount billed to the customer.

Section 2 – Results for the Year

2.1 Profit before tax (including segmental information)

Segment reporting

The Group has two reportable segments which are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker (considered to be the Board). Further details on the nature of these segments and the products and services they provide are contained in the Strategic Report.

	Broadcast [1]						Photographic [2]		Corporate and unallocated		Consolidated	
	Videocom		Services		Total Broadcast							
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Revenue from external customers:												
Sales	**133.4**	140.0	**12.7**	9.4	**146.1**	149.4	**130.9**	141.2	**-**	-	**277.0**	290.6
Services	**6.1**	3.1	**26.5**	21.7	**32.6**	24.8	**-**	-	**-**	-	**32.6**	24.8
Total revenue from external customers	**139.5**	143.1	**39.2**	31.1	**178.7**	174.2	**130.9**	141.2	**-**	-	**309.6**	315.4
Inter-segment revenue [3]	**1.6**	2.2	**0.1**	-	**1.7**	2.2	**0.3**	0.6	**(2.0)**	(2.8)	**-**	-
Total revenue	**141.1**	145.3	**39.3**	31.1	**180.4**	176.4	**131.2**	141.8	**(2.0)**	(2.8)	**309.6**	315.4
Segment result	**17.5**	17.9	2.4	1.5	**19.9**	19.4	**18.9**	20.1	**-**	-	**38.8**	39.5
Restructuring costs	**(1.4)**	(5.3)	**-**	(0.5)	**(1.4)**	(5.8)	**(1.3)**	(5.6)	**-**	-	**(2.7)**	(11.4)
Fair value adjustment to contingent consideration since date of acquisition	**(4.2)**	(0.8)	**-**	-	**(4.2)**	(0.8)		-	**-**	-	**(4.2)**	(0.8)
Transaction costs relating to acquisitions	**(0.9)**	(0.4)	**-**	-	**(0.9)**	(0.4)	**-**	-	**-**	-	**(0.9)**	(0.4)
Amortisation of acquired intangible assets	**(3.0)**	(2.2)	**-**	-	**(3.0)**	(2.2)	**(0.4)**	(0.4)	**-**	-	**(3.4)**	(2.6)
Operating profit	**8.0**	9.2	**2.4**	1.0	**10.4**	10.2	**17.2**	14.1	**-**	-	**27.6**	24.3
Net finance expense											**(3.5)**	(3.9)
Loss on disposal of IMT business [1]											**(4.0)**	-
Taxation											**(7.1)**	(6.4)
Profit for the year											**13.0**	14.0
Segment assets	**130.6**	120.5	**31.4**	26.2	**162.0**	146.7	**84.9**	85.5	**3.1**	5.3	**250.0**	237.5
Unallocated assets												
Cash and cash equivalents									**9.2**	12.9	**9.2**	12.9
Current tax assets									**1.0**	2.7	**1.0**	2.7
Deferred tax assets									**14.2**	14.0	**14.2**	14.0
Total assets											**274.4**	267.1
Segment liabilities	**27.8**	27.0	**4.3**	6.6	**32.1**	33.6	**25.2**	25.3	**10.5**	7.1	**67.8**	66.0
Unallocated liabilities												
Bank overdrafts									**1.3**	-	**1.3**	-
Interest-bearing loans and borrowings									**78.8**	74.4	**78.8**	74.4
Current tax liabilities									**6.1**	5.2	**6.1**	5.2
Deferred tax liabilities									**1.8**	1.3	**1.8**	1.3
Total liabilities											**155.8**	146.9
Cash flows from operating activities	**14.4**	14.8	**3.8**	6.8	**18.2**	21.6	**14.6**	15.3	**2.4**	3.4	**35.2**	40.3
Cash flows from investing activities	**(19.1)**	(13.5)	**(7.9)**	(7.8)	**(27.0)**	(21.3)	**(4.4)**	(5.8)	**(0.2)**	(0.3)	**(31.6)**	(27.4)
Cash flows from financing activities	**-**	-	**-**	-	**-**	-	**0.9**	-	**(9.4)**	(9.0)	**(8.5)**	(9.0)
Capital expenditure												
Property, plant and equipment	**2.2**	3.7	**12.8**	11.4	**15.0**	15.1	**2.5**	4.2	**-**	-	**17.5**	19.3
Software and development costs	**2.6**	1.7	**0.1**	0.1	**2.7**	1.8	**2.0**	1.6	**-**	-	**4.7**	3.4

[1] The Broadcast Division was previously presented as the Videocom and Services Divisions, and is now managed as one Division. The Videocom Division and the Services Division have been disclosed separately for comparative purposes. This includes the IMT business which was previously recorded within the Videocom Division and was sold by the Group during the second half of 2014.

[2] The Photographic Division was previously called the Imaging Division.

[3] Inter-segment pricing is determined on an arm's length basis.

No individual customer accounted for more than 10% of external revenue in either 2014 or 2013.

Geographical segments

	2014 £m	2013 £m
Analysis of revenue from external customers, by location of customer		
United Kingdom	27.6	26.5
The rest of Europe	69.7	71.6
North America	143.3	142.0
Asia-Pacific	53.3	56.8
The rest of the World	15.7	18.5
Total revenue from external customers	309.6	315.4

The Group's operations are located in several geographical locations, and sell products and services on to external customers in all parts of the world.

Operating expenses

	2014 £m	2013 £m
Analysis of operating expenses		
- Restructuring costs [1]	1.8	6.9
- Charges associated with acquired businesses	8.5	3.8
- Other administrative expenses	39.8	43.7
Administrative expenses	50.1	54.4
Marketing, selling and distribution costs	41.5	46.0
Research, development and engineering costs	8.7	9.4
Operating expenses	100.3	109.8

[1] Of the total £2.7 million (2013: £11.4 million) restructuring costs, £1.8 million (2013: £6.9 million) is included in operating expenses and the remaining £0.9 million (2013: £4.5 million) in cost of sales.

Operating profit

	2014 £m	2013 £m
The following items are included in operating profit		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	0.1	0.1
Fees payable to the Company's auditor and its associates for other services		
- The audit of the Company's subsidiaries pursuant to legislation	0.4	0.4
- Transaction and other services	0.2	0.2

Section 2 – Results for the Year

2.2 Restructing costs and charges associated with acquired businesses

Restructuring costs and charges associated with acquired businesses are excluded from key performance measures in order to more accurately show the underlying current business performance of the Group in a consistent manner. This also reflects how the business is managed and measured on a day-to-day basis. Restructuring costs include employment termination and other site rationalisation costs. Charges associated with acquired businesses include non-cash charges such as amortisation of acquired intangible assets, and cash charges such as transaction costs and fair value adjustments to contingent consideration since date of acquisition.

	2014 £m	2013 £m
Restructuring costs [1]	(2.7)	(11.4)
Fair value adjustment to contingent consideration since date of acquisition [2]	(4.2)	(0.8)
Transaction costs relating to acquisitions [3]	(0.9)	(0.4)
Amortisation of acquired intangible assets	(3.4)	(2.6)
Charges associated with acquired businesses	(8.5)	(3.8)

[1] One-off restructuring costs of £2.7 million primarily relate to the Group streamlining certain operations by downsizing selected activities mainly in the US and Israel. This includes employment termination costs of £0.9 million and other site rationalisation and closure costs of £1.8 million. These actions have better positioned the Group for the future.

[2] A charge of £4.2 million (US$7.0 million) has been recorded in respect of contingent consideration of Teradek, a prior period acquisition. See note 3.6 "Provisions".

[3] Transaction costs of £0.9 million (SIS: £0.1 million, Autocue: £0.6 million, SmallHD: £0.2 million) were incurred in relation to acquisitions in the year. See note 3.4 "Acquisitions".

2.3 Net finance expense

This note details the finance income and expense generated from the Group's financial assets and liabilities.

Accounting policies

Net finance expense comprises:

- interest payable on borrowings and interest receivable on funds invested;
- the amortisation of loan costs;
- other interest receivable;
- foreign exchange gains and losses on cash and inter-company loans that are not net investment hedges; and
- net interest expense on net defined benefit scheme liabilities.

Net finance expense

	2014 £m	2013 £m
Finance income		
Other interest receivable	0.3	-
Net currency translation gains	0.1	-
	0.4	-
Finance expense		
Interest payable on interest-bearing loans and borrowings	(3.6)	(3.6)
Net interest expense on net defined benefit pension scheme liabilities [1]	(0.3)	(0.3)
	(3.9)	(3.9)
Net finance expense	(3.5)	(3.9)

[1] See note 5.2 "Pensions".

2.4 Tax

This note lays out the tax accounting policies, the total tax charge or credit in the Income Statement, and tax assets and tax liabilities in the Balance Sheet. This includes amounts relating to deferred tax.

Accounting policies

Income tax

The tax expense in the Income Statement represents the sum of tax currently payable and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and increased or reduced to the extent of the probable level of taxable profit that would be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities are not recognised for the following temporary differences:
- Goodwill not deductible for tax purposes on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- Differences relating to investments in subsidiaries to the extent that the timing of the reversal is controlled by the Company and they will probably not reverse in the foreseeable future.

Tax - Income Statement

	2014 £m	2013 £m
The total taxation charge/(credit) in the Income Statement is analysed as follows:		
Before restructuring costs, charges associated with acquired businesses and disposal of business		
Current tax	7.0	11.2
Deferred tax	3.6	(0.2)
	10.6	11.0
Restructuring costs, charges associated with acquired businesses and disposal of business		
Current tax [(1)]	(0.7)	(4.6)
Deferred tax [(2)]	(2.8)	-
	(3.5)	(4.6)
Summarised in the Income Statement as follows		
Current tax	6.3	6.6
Deferred tax	0.8	(0.2)
	7.1	6.4

(1) Current tax credits of £0.7 million (2013 £4.6 million) were recognised in respect of restructuring costs, charges associated with acquired businesses and disposal of business. This tax credit is split between restructuring costs of £0.4 million (2013 £3.5 million) and amortisation of intangible assets in the period of £0.3 million (2013 £1.1 million).

(2) Deferred tax credits of £2.8 million (2013 £nil) were recognised in respect of restructuring costs, charges associated with acquired businesses and disposal of business. This is made up of £1.6 million in respect of acquisitions (including the Teradek earnout), £0.3 million in respect of restructuring costs and £0.9 million in respect of amortisation of intangible assets.

Section 2 – Results for the Year

2.4 Tax

	2014 £m	2013 £m
Current tax expense		
Charge for the year	**7.3**	6.8
Adjustments in respect of prior years	**(1.0)**	(0.2)
Total current tax expense	**6.3**	6.6

The UK current tax charge represents £0.1 million (2013: £0.1 million) of the total Group current tax charge of £6.3 million (2013: £6.6 million), with the remaining £6.2 million (2013: £6.5 million) charge relating to overseas tax. The UK corporate tax rate reduced from 23% to 21% on 1 April 2014 and a further reduction in the rate to 20% with effect from 1 April 2015 has been substantively enacted.

	2014 £m	2013 £m
Deferred tax expense		
Origination and reversal of temporary differences	**0.8**	(0.2)

The UK deferred tax charge represents £0.1 million (2013: £0.4 million credit) of the total Group deferred tax charge of £0.8 million (2013: £0.2 million credit), with the remaining £0.7 million (2013: £0.2 million) charge relating to overseas tax.

	2014 £m	2013 £m
Tax charge/(credit) recognised in the Statement of Changes in Equity (SOCIE)		
Current tax recognised in SOCIE (3)	**(0.2)**	(1.4)
Deferred tax recognised in SOCIE (4)	**(0.9)**	0.5
	(1.1)	(0.9)

(3) Excess current tax deductions of £0.2 million related to share-based payments on exercised options have been reflected in the SOCIE.

(4) Deferred tax credits relating to the impact of cash flow hedges of £1.3 million partially offset by a £0.2 million charge in respect of the UK and German defined benefit pension schemes and a £0.2 million charge in respect of the reversal of prior year estimated excess tax deductions related to share-based payments, have been reflected in the SOCIE.

Reconciliation of Group tax charge	2014 £m	2013 £m
Profit before tax	**20.1**	20.4
Income tax using the domestic corporation tax rate at 21.5% (2013: 23.3%)	**4.3**	4.7
Effect of tax rates in foreign jurisdictions	**(0.3)**	-
Non-deductible expenses	**0.7**	0.6
Impact of tax credits in respect of prior years	**(1.0)**	(0.4)
Impact of tax losses not recognised	**3.6**	1.2
Other	**(0.2)**	0.3
Total income tax expense in Income Statement	**7.1**	6.4

Tax - Balance Sheet

Current tax

The current tax liability of £6.1 million (2013: £5.2 million) represents the amount of income taxes payable in respect of current and prior periods. The current tax assets of £1.0 million (2013: £2.7 million) mainly relate to income tax receivable in the UK and the US.

Deferred tax assets and liabilities

	2014 £m	Recognised in income £m	Recognised on acquisitions £m	Recognised in reserves £m	Exchange movements £m	2013 £m
Assets						
Inventories	2.5	(0.4)	-	-	-	2.9
Intangible assets	(5.1)	(2.2)	(0.7)	-	(0.1)	(2.1)
Tax value of loss carry-forwards recognised	6.3	1.9	-	-	0.3	4.1
Property, plant, equipment & other	10.5	0.3	-	0.9	0.2	9.1
	14.2	(0.4)	(0.7)	0.9	0.4	14.0
Liabilities						
Intangible assets	(1.8)	(0.4)	-	-	(0.1)	(1.3)
	(1.8)	(0.4)	-	-	(0.1)	(1.3)
Net	12.4	(0.8)	(0.7)	0.9	0.3	12.7

	2013 £m	Recognised in income £m	Recognised on acquisitions £m	Eliminated on disposals £m	Exchange movements £m	2012 £m
Assets						
Inventories	2.9	(0.3)	0.3	-	-	2.9
Intangible assets	(2.1)	(0.5)	(0.4)	-	0.1	(1.3)
Tax value of loss carry-forwards recognised	4.1	0.1	-	-	(0.1)	4.1
Property, plant, equipment & other	9.1	1.1	0.1	(0.5)	(0.3)	8.7
	14.0	0.4	-	(0.5)	(0.3)	14.4
Liabilities						
Intangible assets	(1.3)	(0.2)	-	-	0.1	(1.2)
	(1.3)	(0.2)	-	-	0.1	(1.2)
Net	12.7	0.2	-	(0.5)	(0.2)	13.2

Deferred tax assets have been offset against liabilities where assets and liabilities arise in the same jurisdiction and there is a legal right of offset.

Deferred tax assets totalling £9.5 million (2013: £9.0 million) have been recognised in the US on the basis that future profits are expected to be made in the US businesses such that it is probable that these assets will be utilised in the foreseeable future.

Deferred tax assets have not been recognised in respect of the following items:

	2014 £m	2013 £m
Losses	14.5	8.9
Temporary differences on share options	-	0.2
Total	14.5	9.1

Deferred tax assets have not been recognised in respect of these items because it is not sufficiently probable that these assets will reverse in the foreseeable future.

No taxes have been provided for liabilities which may arise on the distribution of unremitted earnings of subsidiaries on the basis of control, except where distributions of such profits are planned. Cumulative unremitted earnings of overseas subsidiaries and associates totalled approximately £15.9 million at 31 December 2014 (2013: £13.5 million). It is not practical to calculate the tax which would arise on remittance of these amounts and, as dividends remitted from overseas subsidiaries to the UK should be exempt from additional UK tax, no significant tax charges would be expected.

Section 2 – Results for the Year

2.5 Earnings per share

Earnings per share ("EPS") is the amount of post-tax profit attributable to each share.

Basic EPS is calculated on the profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Diluted EPS is calculated on the profit for the year divided by the weighted average number of ordinary shares in issue during the year, but adjusted for the effects of dilutive share options. The key features of share option contracts are described in note 5.3 "Share-based payments".

The Adjusted EPS measure is used by management to assess the underlying performance of the ongoing businesses, and therefore excludes restructuring costs, charges associated with acquired businesses and disposal of business, all net of tax.

The calculation of basic, diluted and adjusted EPS is set out below:

Profit	2014 £m	2013 £m
Profit for the financial year	13.0	14.0
Add back:		
Restructuring costs and charges associated with acquired businesses, net of tax	7.7	10.6
Loss on disposal of IMT business, net of tax	4.0	-
Earnings before restructuring costs, charges associated with acquired businesses and disposal of business	24.7	24.6

	Weighted average number of shares '000		Adjusted earnings per share		Earnings per share	
	2014 Number	2013 Number	2014 pence	2013 pence	2014 pence	2013 pence
Basic	44,190	43,869	55.9	56.1	29.4	31.9
Dilutive potential ordinary shares	68	204	(0.1)	(0.2)	(0.1)	(0.1)
Diluted	44,258	44,073	55.8	55.9	29.3	31.8

Section 3 – Operating Assets and Liabilities

This section shows the assets and liabilities used to generate the Group's trading performance. Liabilities relating to the Group's financing activities are addressed in Section 4. Current tax and deferred tax assets and liabilities are shown in Section 2.4 "Tax".

On the following pages, there are disclosures covering the following:

3.1 Intangible assets

3.2 Property, plant and equipment

3.3 Working capital

3.4 Acquisitions

3.5 Disposals

3.6 Provisions

3.1 Intangible assets

This shows the non-physical assets used by the Group to generate revenues and profits. These assets include the following:

- **Goodwill**
- **Acquired intangible assets**
- **Software**
- **Capitalised development costs**

Accounting policies

Goodwill

The goodwill recognised by the Group has all arisen as a result of acquisitions and is stated at cost less any accumulated impairment losses. Goodwill is allocated on acquisition to cash-generating units that are anticipated to benefit from the combination, and is not subject to amortisation but is tested annually for impairment. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. This estimate of recoverable amount is determined at each Balance Sheet date.

The estimate of recoverable amount requires significant assumptions to be made and is based on a number of factors such as the near-term business outlook for the cash-generating unit, including both its operating profit and cash flow performance. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses on goodwill are not reversed.

All acquisitions that have occurred since 1 January 2010 are accounted for by applying the acquisition method. Goodwill on these acquisitions represents the excess of the fair value of the acquisition over the fair value to the Group of the identifiable net assets acquired, all measured at the acquisition date. Subsequent adjustments to the fair values of net assets acquired can be made within 12 months of the acquisition date where original fair values were determined provisionally. These adjustments are accounted for from the date of acquisition. Transaction costs that the Group incurs in connection with an acquisition, such as legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

Other intangible assets

The other intangible assets are either acquired or internally generated (such as capitalised development costs).

Acquired intangible assets

Other intangible assets acquired as part of a business combination are shown at fair value at the date of acquisition less accumulated amortisation at the rates indicated below:

Order backlog	up to 2 years
Brand	3 to 15 years
Customer relationships	3 to 10 years
Technology	3 to 10 years

Software

The cost of acquiring software (including associated implementation and development costs where applicable) is classified as an intangible asset. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are assessed as likely to generate economic benefits exceeding costs beyond one year, are also capitalised and recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Software expenditure is amortised over its estimated useful life of between 3 to 5 years, and is stated at cost less accumulated amortisation and impairment losses.

Capitalised development costs

Research and development costs are charged to the Income Statement in the year in which they are incurred unless development expenditure meets the criteria for capitalisation. Once detailed and strict criteria have been met that confirm that the product or process is both technically and commercially feasible and the Group has sufficient resources to complete the project, any further expenditure incurred on the project is capitalised. The capitalised expenditure includes the cost of materials, direct labour and an appropriate portion of overheads. Capitalised expenditure is amortised over the life of the project, and is stated at cost less accumulated amortisation and impairment losses.

Section 3 – Operating Assets and Liabilities

3.1 Intangible assets

Impairment tests for cash-generating units (CGUs) containing goodwill

In accordance with the requirements of IAS 36, Impairment of Assets, goodwill is allocated to the Group's CGUs which are identified by the way goodwill is monitored for impairment. The most significant elements of the Group's total consolidated goodwill of £61.3 million at 31 December 2014 are allocated to: Vitec Videocom: £27.0 million (2013: £23.4 million); Photographic: £12.9 million (2013: £12.6 million); and Haigh-Farr: £13.3 million (2013: £12.5 million). Vitec Videocom and Haigh-Farr CGUs sit within the Broadcast segment and the Photographic CGU sits within the Photographic segment. The remaining goodwill relates to CGUs which are not individually significant. Each CGU is assessed for impairment annually and whenever there is a specific indication of impairment. The carrying value of the remaining CGUs exceed their recoverable amounts.

As part of the annual impairment test review, the carrying value of goodwill has been assessed with reference to value in use over a projected period of five years together with a terminal value. This reflects the projected cash flows of each CGU based on the actual operating results, the most recent Board approved budget, strategic plans and management projections.

The key assumptions on which the value in use calculations are based relate to business performance over the next five years, long-term growth rates beyond 2018 and the discount rates applied. The key judgements are the level of revenue and operating margins anticipated and the proportion of operating profit converted into cash flow in each year. Forecasts are based on past experience and take into account current and future market conditions and opportunities.

Growth rates for the period beyond 2019 are assumed to be 2% (2013: 2%), which is considered to be at or below long-term market trends for significant CGUs.

The cash flow projections have been discounted to present value using the Group's post-tax weighted average cost of capital adjusted for economic and CGU-specific risk factors including markets and size of business. Pre-tax rates of 9% to 11% (2013: 10% to 12%) reflecting different geographies have been used for impairment testing (9% (2013: 10%) applied to the Haigh-Farr CGU and 11% (2013: 12%) applied to the Vitec Videocom and Photographic CGUs).

The following specific individual sensitivities of reasonable possible change have been considered for each CGU in relation to the value in use calculations, resulting in the carrying amount not exceeding the recoverable amount:

- if the long-term growth rate assumption was reduced to 1%; and
- a 1% point increase in the discount rate applied.

Intangible assets

	Total £m	Goodwill £m	Acquired intangible assets £m	Software £m	Capitalised development costs £m
Cost					
At 1 January 2013	126.8	65.4	46.0	13.0	2.4
Currency translation adjustments	(2.6)	(1.1)	(1.4)	-	(0.1)
Additions	3.5	0.1	-	1.0	2.4
Disposals	(0.4)	-	-	(0.4)	-
Acquisitions [1]	10.6	4.5	6.1	-	-
At 31 December 2013	137.9	68.9	50.7	13.6	4.7
At 1 January 2014	**137.9**	**68.9**	**50.7**	**13.6**	**4.7**
Currency translation adjustments	**4.5**	**2.8**	**2.0**	**(0.4)**	**0.1**
Additions	**4.7**	**-**	**-**	**1.3**	**3.4**
Disposals	**(0.1)**	**-**	**-**	**(0.1)**	**-**
Disposals - on divestment of business	**(28.5)**	**(8.7)**	**(17.9)**	**-**	**(1.9)**
Acquisitions [1]	**8.9**	**3.1**	**5.8**	**-**	**-**
At 31 December 2014	**127.4**	**66.1**	**40.6**	**14.4**	**6.3**
Amortisation					
At 1 January 2013	58.6	13.1	34.0	10.2	1.3
Currency translation adjustment	(1.2)	(0.2)	(1.0)	-	-
Amortisation in the year	4.5	-	2.6	1.2	0.7
Disposals	(0.3)	-	-	(0.3)	-
At 31 December 2013	61.6	12.9	35.6	11.1	2.0
At 1 January 2014	**61.6**	**12.9**	**35.6**	**11.1**	**2.0**
Currency translation adjustment	**1.7**	**0.6**	**1.4**	**(0.3)**	**-**
Amortisation in the year	**5.3**	**-**	**3.4**	**1.1**	**0.8**
Disposals	**(0.1)**	**-**	**-**	**(0.1)**	**-**
Disposals - on divestment of business	**(28.2)**	**(8.7)**	**(17.9)**	**-**	**(1.6)**
At 31 December 2014	**40.3**	**4.8**	**22.5**	**11.8**	**1.2**
Carrying amounts					
At 1 January 2013	68.2	52.3	12.0	2.8	1.1
At 31 December 2013 and 1 January 2014	76.3	56.0	15.1	2.5	2.7
At 31 December 2014	**87.1**	**61.3**	**18.1**	**2.6**	**5.1**

[1] See note 3.4 “Acquisitions”.

Section 3 – Operating Assets and Liabilities

3.2 Property, plant and equipment

This shows the physical assets used by the Group to generate revenues and profits. These assets include the following:

- **Land and buildings**
- **Plant, machinery and vehicles**
- **Equipment, fixtures and fittings**

Accounting policies

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Certain land and buildings that had been revalued to fair value prior to 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount less depreciation up to the date of transition.

Rental assets are recorded as plant and machinery.

Depreciation
Depreciation is provided to write off the cost of property, plant and equipment, less estimated residual value, on a straight line basis over their estimated useful lives. The annual depreciation charge is sensitive to the estimated useful life of each asset and expected residual value at the end of its life. The major categories of property, plant and equipment are depreciated as follows:

Freehold land	not depreciated
Freehold and long leasehold buildings	up to 50 years
Leasehold improvements	shorter of estimated useful life or remaining period of the lease
Plant and machinery	4 to 10 years
Motor vehicles	3 to 4 years
Equipment, fixtures and fittings	3 to 10 years
Rental assets	3 to 6 years

Impairment of assets
Property, plant and equipment that is subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology and market conditions.

Property, plant and equipment

	Total £m	Land and buildings £m	Plant, machinery and vehicles £m	Equipment, fixtures and fittings £m
Cost				
At 1 January 2013	143.4	29.6	97.8	16.0
Currency translation adjustments	0.1	0.2	-	(0.1)
Transfers between asset categories	-	-	(0.1)	0.1
Additions	19.3	1.5	17.0	0.8
Disposals	(20.2)	(0.2)	(18.9)	(1.1)
At 31 December 2013	142.6	31.1	95.8	15.7
At 1 January 2014	**142.6**	**31.1**	**95.8**	**15.7**
Currency translation adjustments	**(0.3)**	**(0.7)**	**0.6**	**(0.2)**
Additions	**17.5**	**0.3**	**16.3**	**0.9**
Disposals	**(16.8)**	**-**	**(16.0)**	**(0.8)**
Disposals - on divestment of business	**(2.4)**	**-**	**(0.6)**	**(1.8)**
Acquisitions	**1.5**	**-**	**1.5**	**-**
At 31 December 2014	**142.1**	**30.7**	**97.6**	**13.8**
Depreciation				
At 1 January 2013	94.8	13.0	70.8	11.0
Currency translation adjustment	0.5	0.1	0.5	(0.1)
Transfers between asset categories	-	-	(0.2)	0.2
Depreciation charge in the year	12.4	1.4	9.6	1.4
Disposals	(18.6)	(0.1)	(17.5)	(1.0)
At 31 December 2013	89.1	14.4	63.2	11.5
At 1 January 2014	**89.1**	**14.4**	**63.2**	**11.5**
Currency translation adjustment	**(1.1)**	**(0.5)**	**(0.4)**	**(0.2)**
Depreciation charge in the year	**14.2**	**1.4**	**11.8**	**1.0**
Disposals	**(13.7)**	**-**	**(12.9)**	**(0.8)**
Disposals - on divestment of business	**(1.2)**	**-**	**(0.6)**	**(0.6)**
At 31 December 2014	**87.3**	**15.3**	**61.1**	**10.9**
Carrying amounts				
At 1 January 2013	48.6	16.6	27.0	5.0
At 31 December 2013 and 1 January 2014	53.5	16.7	32.6	4.2
At 31 December 2014	**54.8**	**15.4**	**36.5**	**2.9**

Plant, machinery and vehicles includes equipment rental assets with an original cost of £47.2 million (2013: £42.5 million) and accumulated depreciation of £24.1 million (2013: £24.8 million).

Capital commitments at 31 December 2014 for which no provision has been made in the accounts amount to £0.2 million (2013: £0.5 million).

Section 3 – Operating Assets and Liabilities

3.3 Working capital

Working capital represents the assets and liabilities the Group generates through its trading activities. The Group therefore defines working capital as inventory, trade and other receivables, trade and other payables.

Careful management of working capital is vital as it ensures that the Group can meet its trading and financing obligations within its ordinary operating cycle.

Accounting policies

Inventories

Inventories and work in progress are carried at the lower of cost and net realisable value. Inventory acquired as part of business combinations is valued at fair value. Cost represents direct costs incurred and, where appropriate, production or conversion costs and other costs to bring the inventory to its existing location and condition. In the case of manufacturing inventory and work in progress cost includes an appropriate share of production overheads based on normal operating capacity. Inventory is accounted for on an average cost or first-in, first-out method as appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provisions for inventories are recognised when the book value exceeds its net realisable value.

In the ordinary course of business, the Group makes provision for slow-moving, excess and obsolete inventory as appropriate.

Trade and other receivables

Trade and other receivables are recognised at the invoice value less provision for impairment. The carrying value of trade receivables is considered to approximate fair value.

A provision for impairment is established when there is objective evidence that amounts due will not be collected according to the original terms of the receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Amounts recoverable on contracts are included in trade receivables and represent revenue recognised in excess of payments on account.

Trade and other payables

Trade payables are recognised at the value of the invoice received from a supplier.

Inventories

	2014 £m	2013 £m
Raw materials and components	15.0	14.8
Work in progress	8.6	9.3
Finished goods	31.4	31.2
Inventories, net of impairment provisions	55.0	55.3

During the year £3.3 million (2013: £5.5 million) was recognised as an expense resulting from the write-down of inventory.

Trade and other receivables

	2014 £m	2013 £m
Short-term receivables		
Trade receivables, net of impairment provisions	37.2	35.8
Other receivables	8.5	8.9
Prepayments and accrued income	5.4	3.8
	51.1	48.5
Long-term receivables		
Other receivables	0.5	0.4
Total receivables	51.6	48.9

	2014 £m	2013 £m
Gross trade receivables - days overdue [1]		
Current	31.2	30.2
1-30 days	5.7	5.8
31-60 days	1.4	1.2
61-90 days	0.3	0.4
over 90 days	1.4	1.4
Gross trade receivables	40.0	39.0

[1] Days overdue are measured from the date an invoice was due to be paid.

	Total £m	Bad debts £m	Sales returns and discounts £m
Impairment provisions against trade receivables			
Balance at 1 January 2014	3.2	1.8	1.4
Net increase during the year	3.6	0.3	3.3
Utilised during the year	(4.0)	(0.3)	(3.7)
Balance at 31 December 2014	2.8	1.8	1.0

Trade and other payables

	2014 £m	2013 £m
Current trade and other payables		
Trade payables	26.5	25.1
Other tax and social security costs	2.7	2.6
Other non-trade payables, accruals and deferred income	17.1	20.4
	46.3	48.1
Long-term payables		
Other non-trade payables, accruals and deferred income	-	0.8
Total payables	46.3	48.9

Section 3 – Operating Assets and Liabilities

3.4 Acquisitions

This note outlines how the Group has accounted for businesses that it has acquired.

Acquisitions are accounted for under the acquisition method of accounting. As part of the acquisition accounting the Group has adopted a process to identify the fair values of the assets acquired and liabilities and contingent considerations assumed. This includes the separate identification of intangible assets and to allocate the consideration paid. This process continues as information is finalised, and accordingly the fair value adjustments presented in the tables below are provisional. In accordance with IFRS 3 until the assessment is complete the allocation period will remain open up to a maximum of 12 months from the acquisition date so long as information remains outstanding. Acquisition-related costs are recognised in the Income Statement as incurred in accordance with IFRS 3.

Acquisitions provide opportunities for further development of the Group's activities and create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses represent much of the assessed value of goodwill.

Acquisition of SIS

On 24 March 2014, the Broadcast Division of the Group acquired the assets of the Speciality Cameras division of SIS Outside Broadcasts Limited (SIS) through a business combination for a cash consideration of £1.8 million.

The acquired speciality camera assets are renowned for the innovative solutions that deliver viewers to the heart of live events. The acquisition complements the Group's existing range of broadcast equipment and its products will be marketed through the Group's global distribution network.

Under the terms of the acquisition, there is a potential contingent consideration of up to £1.4 million that is dependent on the performance against demanding revenue targets for certain future events by the year 2017. Management's assessment at the acquisition date is that £nil will be payable. Any payment that would be made shall be charged to the Income Statement as and when incurred.

A summary of the effect of the acquisition of SIS is detailed below:

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of net assets acquired £m
Net assets acquired			
Intangible assets	-	0.4	0.4
Property, plant and equipment	1.2		1.2
	1.2	0.4	1.6
Goodwill			0.2
Consideration satisfied from existing cash resources			1.8

No net deferred tax asset or liability has arisen on the net assets acquired.

Acquisition of Autocue

On 6 October 2014, the Group acquired the whole of the issued and to be issued share capital of Autocue Group Limited (Autocue), a private company based in the UK, for a net cash consideration of £6.1 million after taking account of £2.4 million of cash in the business at acquisition date.

Autocue is a long established and highly respected brand of teleprompting hardware and software. The acquisition complements the Group's existing Autoscript business and enables it to diversify its product base by extending its range of prompting solutions from broadcast to pro-videography. Autocue operates within the Broadcast Division.

A summary of the effect of the acquisition Autocue is detailed below:

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of net assets acquired £m
Net assets acquired			
Intangible assets	-	3.6	3.6
Inventories	0.3	-	0.3
Trade and other receivables	0.5	-	0.5
Trade and other payables	(0.5)		(0.5)
Corporation tax receivable	0.1		0.1
Cash	2.4	-	2.4
Deferred tax	-	(0.7)	(0.7)
	2.8	2.9	5.7
Goodwill			2.8
Consideration satisfied from existing cash resources			8.5

The trade receivables acquired had a fair value and a gross contractual value of £0.4 million.

Acquisition of SmallHD

On 10 December 2014, the Group acquired the net assets of SmallHD, based in the US, through a business combination for an initial cash consideration of US$4.6 million (£2.9 million).

SmallHD is a leading provider of high-quality and high-definition on-camera field monitors used by broadcasters and independent content creators. The acquisition complements the Group's existing video activities, including Teradek, which serves a similar customer base and its products will be marketed through the Group's global sales and distributor network. SmallHD operates within the Broadcast Division.

Under the terms of the acquisition, there is a potential contingent consideration of up to US$25.4 million (£16.3 million) that is dependent on the performance against demanding EBITDA targets over the two and a half year period to 30 June 2017. Management's assessment at the acquisition date is that £nil is payable for this period to 30 June 2017. This reflects that these targets are over and above those included in the Board approved acquisition projections. Any payment that would be made relating to this period shall be charged to the Income Statement as and when incurred.

A summary of the effect of the acquisition SmallHD is detailed below:

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of net assets acquired £m
Net assets acquired			
Intangible assets	-	1.8	1.8
Property, plant and equipment	0.3		0.3
Inventories	1.3	-	1.3
Trade and other receivables	0.2	-	0.2
Trade and other payables	(0.8)		(0.8)
	1.0	1.8	2.8
Goodwill			0.1
Consideration satisfied from existing cash resources			2.9

The trade receivables acquired had a fair value and a gross contractual value of £0.1 million. No net deferred tax asset or liability has arisen on the net assets acquired.

Section 3 – Operating Assets and Liabilities

3.4 Acquisitions

The results of the acquisitions made during the period have been included in the Broadcast Division and comprise the following.

	SIS £m	Autocue £m	SmallHD £m
Revenue	0.5	0.7	0.2
Operating profit [(1)]	-	-	-

Had the acquisitions been made at the beginning of the year (i.e. 1 January 2014), they would have contributed £10.7 million (SIS: £0.6 million, Autocue: £3.9 million, SmallHD: £6.2 million) to revenue and £0.7 million (SIS: £0.1 million, Autocue: £0.6 million, SmallHD: £nil) to the operating profit [(1)] of the Group.

[(1)] Operating profit is stated before amortisation of intangible assets and after allocation of Head Office costs.

An analysis of the cash flows relating to acquisitions is provided below:

	2014 £m
Net outflow of cash in respect of acquisition	
Cash consideration	13.2
Transaction costs	0.9
Cash acquired	(2.4)
Net cash outflow in respect of 2014 acquisitions	**11.7**
Cash paid in relation to Haigh-Farr, acquired in December 2011	0.7
Cash paid in relation to Teradek, acquired in August 2013 [(2)]	1.8
Cash paid in 2014 in respect of contingent consideration for prior year acquisitions	**2.5**
Net cash outflow in respect of acquisitions [(3)]	**14.2**

[(2)] During the year US$2.9 million (£1.8 million) was paid in cash and a further US$0.8 million (£0.5 million) was satisfied by the issue of 72,933 new Vitec Group ordinary shares in relation to Teradek.

[(3)] Of the £14.2 million net cash outflow in respect of acquisitions, transaction costs of £0.9 million are included in cash flows from operating activities and the net cash consideration paid of £13.3 million is included in cash flows from investing activities.

Acquisition of Teradek

On 28 August 2013, the Group acquired the partnership interests in Teradek, LLC ("Teradek"), a private company based in Irvine, California, US.

The acquisition was funded in part by the issue of 214,847 new Vitec Group ordinary shares worth US$2.0 million (£1.3 million) to be held in escrow for two years post-completion, and net cash consideration of US$11.3 million (£7.3 million) after taking account of US$0.5 million (£0.3 million) of cash in the business at acquisition date.

A summary of the effect of the acquisition of Teradek is detailed below:

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of net assets acquired £m
Net assets acquired			
Intangible assets	-	6.1	6.1
Property, plant and equipment	0.3	(0.3)	-
Inventories	1.6	(0.3)	1.3
Trade and other receivables	0.8	-	0.8
Trade and other payables	(1.0)	-	(1.0)
Provisions	-	(0.1)	(0.1)
Cash	0.3	-	0.3
	2.0	5.4	7.4
Goodwill			4.5
Consideration			11.9
Satisfied by			
- Issue of new ordinary shares			1.3
- Deferred and contingent consideration			3.0
- Cash consideration			7.6
			11.9

The trade receivables acquired had a fair value of £0.7 million and a gross contractual value of £0.8 million. No net deferred tax asset or liability had arisen on the net assets acquired.

Of the US$4.7 million (£3.0 million) deferred and contingent consideration, US$3.7 million (£2.3 million) was paid in 2014. The remaining US$1.0 million (£0.6 million) is payable in 2015.

Under the terms of the acquisition, there was a total potential contingent consideration of US$15.5 million that was dependent on the performance against demanding EBIT targets over the three year period to 31 December 2015. In 2014 the Group paid £2.0 million (US$3.2 million) in relation to Teradek's performance in 2013, of which £1.5 million was paid in cash and the remaining £0.5 million was satisfied by the issue of 72,933 new Vitec Group ordinary shares. A further £4.2 million (US$7.0 million) has been charged to the Income Statement relating to Teradek's performance in 2014 and is subject to final agreement. This is payable in 2015. Up to a third of any deferred consideration paid to the vendors may be satisfied by issuing new Vitec Group ordinary shares with the remainder paid in cash. The recipients of these shares are required to hold them for a certain period under the terms of this acquisition.

An analysis of the cash flows relating to acquisitions is provided below:

	2013 £m
Net outflow of cash in respect of acquisition	
Total purchase consideration	11.9
Issue of new ordinary shares	(1.3)
Deferred and contingent consideration	(3.0)
Cash consideration	7.6
Transaction costs	0.4
Cash acquired	(0.3)
Net cash outflow in respect of 2013 acquisition	**7.7**
Contingent consideration in relation to Haigh-Farr, acquired in December 2011	1.2
Net cash outflow in respect of acquisitions [(4)]	**8.9**

[(4)] Of the £8.9 million net cash outflow in respect of acquisitions, transaction costs of £0.4 million were included in cash flows from operating activities and the net cash consideration paid of £8.5 million was included in cash flows from investing activities.

Section 3 – Operating Assets and Liabilities

3.5 Disposals

On 3 November 2014, the Group sold its IMT business which was based in the US and was included in the Broadcast Division. The disposal enables management to place greater focus on opportunities in its core activities in the Broadcast and Photographic Divisions.

A loss of £4.0 million arose on disposal after taking into account impairment and exit costs together with the net assets disposed (£9.5 million including £4.6 million of inventories) offset by cash consideration (£0.3 million) and the previously recorded foreign exchange gain that has been recycled to the Income Statement (£5.2 million). The total net cash outflow, after exit costs, is expected to be £3.8 million of which £1.3 million was paid in the period, and the remaining £2.5 million, of which £1.8 million ($2.9 million) relates to the onerous lease provision, is expected to be paid by the end of 2016.

3.6 Provisions

A provision is recognised by the Group where an obligation exists, relating to events in the past, and it is probable that an outflow of economic benefits will be required to settle it.

Accounting policies

Provisions

Provisions are recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle it. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate discount rate.

Provisions for warranties, based on historical warranty data, are recognised when the underlying products or services are sold.

Obligations arising from restructuring plans are recognised when detailed formal plans have been established and the restructuring has either commenced or has been announced.

Provisions for onerous contracts are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

	Total £m	Warranty £m	Restructuring £m	Onerous lease and other £m	Deferred and contingent consideration £m
At 1 January 2014	7.9	1.3	2.7	0.3	3.6
Charged to the Income Statement	10.2	0.5	2.7	2.8	4.2
Provisions utilised during the year	(7.1)	(0.7)	(3.2)	(0.2)	(3.0)
Provisions reversed during the year	(0.1)	(0.1)	-	-	-
Currency translation adjustments	0.4	-	-	0.1	0.3
At 31 December 2014	**11.3**	**1.0**	**2.2**	**3.0**	**5.1**
Current	9.2	0.5	2.2	1.4	5.1
Non-current	2.1	0.5	-	1.6	-
	11.3	**1.0**	**2.2**	**3.0**	**5.1**

Warranty provisions
Warranties over the Group's products typically cover periods of between one and five years. The provision represents management's best estimate of the Group's liability based on past experience.

Restructuring
The restructuring provision is in relation to the Group streamlining certain operations by downsizing selected activities mainly in the US and Israel. These planned actions are intended to better position the Group for the future. The restructuring provision which principally relates to committed redundancy costs is expected to be utilised by the end of 2015.

Onerous lease contracts and other
The onerous lease contracts provision is in relation to non-cancellable leases on vacant property that the Group entered into in previous years. Utilisation of the provision will be over the anticipated lives of the leases of up to two years, or earlier if exited. A charge of £1.8 million ($2.9 million) was made to the Income Statement in relation to the property lease of the disposed IMT business in the US (see note 3.5 "Disposals")

The other provision of £1.0 million is in relation to potential exit costs on the disposal of IMT business (see note 3.5 "Disposals").

Deferred and contingent consideration
At 31 December 2013 a deferred and contingent total consideration of £3.6 million was provided in respect of prior years' acquisitions of which the Group paid £3.0 million in the year. £2.5 million (Haigh-Farr: £0.7 million, Teradek: £1.8 million) of this was paid in cash and the remaining payment of £0.5 million to Teradek was satisfied by the issue of 72,933 new Vitec ordinary shares.

A charge of £4.2 million (US$7.0 million) to the Income Statement is in relation to the fair value adjustment to contingent consideration payable to Teradek. This was as a result of Teradek's performance for the year ending 31 December 2014 exceeding management's assessment at acquisition date. Up to a further £2.6 million (US$4.0 million) is payable in 2016 conditional upon the achievement of performance targets for the year ending 31 December 2015. This will be charged to the Income Statement as and when incurred. Up to a third of any deferred consideration paid to the vendors may be satisfied by issuing new Vitec ordinary shares with the remainder paid in cash. The recipients of these shares are required to hold them for a certain period under the terms of this acquisition. See note 2.2 "Charges associated with acquired businesses".

The deferred and contingent consideration provision at 31 December 2014 of £5.1 million ($8.0 million) after currency translation adjustments is in respect of the prior period acquisition of Teradek.

Section 4 – Capital Structure

This section outlines the Group's capital structure. The Group defines its capital structure as its equity and non-current interest-bearing loans and borrowings, and aims to manage this to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, it may return capital to shareholders, through dividends and share buy backs, issue new shares or sell assets to reduce debt. The Group considers its dividend policy at least twice a year ahead of announcing results in the context of its ability to continue as a going concern and deliver its business plan. The Group focuses on leverage, credit ratings and interest cost, particularly when considering investment.

On the following pages there are disclosures concerning the following:

4.1 Net debt

4.2 Financial instruments

4.3 Share capital and reserves

4.1 Net debt

The Group's net debt comprises the following:

- **Interest-bearing loans and borrowings**
- **Cash and cash equivalents (cash on hand and demand deposits at banks)**
- **Bank overdrafts that are payable on demand**

Accounting policies

Cash and cash equivalents
Cash and cash equivalents in the Balance Sheet represent cash on hand and demand deposits at banks. Demand deposits are short-term highly liquid investments that are readily convertible to known amounts of cash without penalty and that are subject to an insignificant risk of changes in value.

Cash and cash equivalents in the statement of cash flows includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Interest-bearing loans and borrowings
Interest-bearing borrowings are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these transaction costs are recognised in the Income Statement over the term of the related borrowings.

Analysis of net debt

The table below analyses the Group's components of net debt and their movements in the year.

	2014 £m	2013 £m
(Decrease)/increase in cash and cash equivalents	(4.9)	3.9
Proceeds from interest-bearing loans and borrowings	(2.4)	(1.9)
(Increase)/decrease in net debt resulting from cash flows	(7.3)	2.0
Effect of exchange rate fluctuations on cash held	(0.1)	(0.3)
Effect of exchange rate fluctuations on debt held	(2.0)	0.5
Effect of exchange rate fluctuations on net debt	(2.1)	0.2
Movements in net debt in the year	(9.4)	2.2
Net debt at 1 January	(61.5)	(63.7)
Net debt at 31 December	(70.9)	(61.5)
Cash and cash equivalents in the Balance Sheet	9.2	12.9
Bank overdrafts	(1.3)	-
Cash and cash equivalents in the Statement of Cash Flows	7.9	12.9
Interest-bearing loans and borrowings	(78.8)	(74.4)
Net debt at 31 December	(70.9)	(61.5)

4.2 Financial instruments

This provides details on:

- **Financial risk management**
- **Derivative financial instruments**
- **Fair value hierarchy**
- **Interest rate profile**
- **Maturity profile of financial liabilities**

Financial risk management

The Group's multinational operations and debt financing expose it to a variety of financial risks. In the course of its business, the Group is exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk.

Financial risk management is an integral part of the way the Group is managed. Financial risk management policies are set by the Board of Directors. These policies are implemented by a central treasury department that has formal procedures to manage foreign currency risk, interest rate risk and liquidity risk, including, where appropriate, the use of derivative financial instruments. The Group has clearly defined authority and approval limits built into these procedures.

Foreign currency risk

Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies (transactional exposures) and where the results of overseas companies are consolidated into the Group's reporting currency of Sterling (translational exposures).

The Group has businesses that operate around the world and accordingly record their results in a number of different functional currencies. Some of these operations also have some customers or suppliers that transact in a foreign currency. The Group's results which are reported in Sterling are therefore exposed to changes in foreign currency exchange rates across a number of different currencies with the most significant exposures relating to the US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). The Group proactively manages a proportion of its short-term transactional foreign currency exposures using derivative financial instruments, but remains exposed to the underlying translational movements which remain outside the control of the Group.

The Group manages its transactional exposures to foreign currency risks through the use of forward exchange contracts including the US Dollar, Euro and Japanese Yen. Forward exchange contracts are typically used to hedge approximately 75% of the Group's forecasted foreign currency exposure in respect of forecast cash transactions for the following 12 months. Forward exchange contracts may also be used to hedge a proportion of the forecast cash transactions for the following 13 to 24 months. The forward exchange contracts currently have maturities of less than one year at the Balance Sheet date.

The Group's translational exposures to foreign currency risks relate to both the Income Statement and net assets of overseas subsidiaries which are converted into Sterling on consolidation. The Group does not seek to hedge the translational exposure that arises primarily to changes in the exchange rates of the US Dollar, Euro and Japanese Yen against Sterling. However the Group does finance overseas investments partly through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation of its foreign currency subsidiaries.

The Group ensures that its net exposure to foreign denominated cash balances is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. In addition the Group manages the denomination of surplus cash balances across the overseas subsidiaries to allow natural hedging where effective in any particular country.

It is estimated that the Group's operating profit before restructuring costs and charges associated with acquired businesses for the year ended 31 December 2014 would have increased/decreased by approximately £1.7 million from a ten cent stronger/weaker US Dollar against Sterling, by approximately £1.3 million from a ten cent stronger/weaker Euro against Sterling and by approximately £0.3 million from a ten Yen stronger/weaker Japanese Yen against Sterling. This reflects the impact of the sensitivities to the translational exposures and to the proportion of the transactional exposures that is not hedged. The Group, in accordance with its policy, does not use derivatives to manage the translational risks. During 2014 the Group's operating profit benefited from a net gain of £1.8 million (2013: £1.7 million loss) upon the crystallisation of forward exchange contracts as described later in this note.

Interest rate risk

Interest rate risk comprises of both the interest rate price risk that results from borrowing at fixed rates of interest and also the interest cash flow risk that results from borrowing at variable rates.

For the year ended 31 December 2014, it is estimated that a general increase/decrease of one percentage point in interest rates, would decrease/increase the Group's profit before tax by approximately £0.8 million.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group has a five year £100 million Multicurrency Revolving Credit Facility Agreement with a syndicate comprising of five banks: three UK banks, one American bank, and one European bank, that expires in July 2017. The Group was utilising 46% of the £100 million Multicurrency Revolving Credit Facility at 31 December 2014. In 2011 the Group drew down US$50 million from a Private Placement shelf facility with repayment due in May 2017.

Section 4 – Capital Structure

4.2 Financial instruments

Credit risk
Credit risk arises because a counterparty may fail to meet its obligations. The Group is exposed to credit risk on financial assets such as trade receivables, cash balances and derivative financial instruments. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Group Balance Sheet.

a) Trade receivables
The Group's credit risk is primarily attributable to its trade receivables. Trade receivables are subject to credit limits, and control and approval procedures in the operating companies. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables.

b) Cash balances and derivative financial instruments
Credit risk associated with cash balances is managed by transacting with a number of major financial institutions worldwide and periodically reviewing their credit worthiness. Transactions involving derivative financial instruments are managed centrally. These are only with banks that are part of the Group's £100 million Multicurrency Revolving Credit Facility Agreement. Accordingly, the Group's associated credit risk is limited. The Group has no significant concentration of credit risk.

Derivative financial instruments

This is a summary of the derivative financial instruments that the Group holds and uses to manage risk. The value of these derivatives changes over time in response to underlying variables such as exchange rates and are carried in the Balance Sheet at fair value.

The fair value of forward exchange contracts is determined by estimating the market value of that contract at the reporting date. Derivatives with a positive fair value are recorded as assets and negative fair values as liabilities, and presented as current or non-current based on their contracted maturity dates.

Accounting policies

Derivative financial instruments
In accordance with Board approved policies, the Group uses derivative financial instruments such as forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange rates arising from operational activities. These are designated as cash flow hedges. It does not hold or use derivative financial instruments for trading or speculative purposes.

Cash flow hedge accounting
Cash flow hedges are used to hedge the variability in cash flows of highly probable forecast transactions or a recognised asset or liability, caused by changes in exchange rates.

Where a derivative financial instrument is designated in a cash flow hedge relationship with a highly probable forecast transaction, the effective part of any change in fair value arising is deferred in the Cash flow hedging reserve within Equity, via the Statement of Comprehensive Income. The gain or loss relating to the ineffective part is recognised in the Income Statement within net finance expense. Amounts deferred in the cash flow hedging reserve are reflected in the Income Statement in the periods when the hedged item is recognised in the Income Statement.

If a hedging instrument expires or is sold but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Income Statement.

Where a derivative is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the Income Statement.

If a derivative financial instrument is not formally designated in a cash flow hedge relationship, any change in fair value is recognised in the Income Statement.

Forward exchange contracts

The following table shows the forward exchange contracts in place at the Balance Sheet date. These contracts mature in the next 12 months, therefore the cash flows and resulting effect on profit and loss are expected to occur within the next 12 months.

	Currency	As at 31 December 2014 millions	Average exchange rate of contracts	As at 31 December 2013 millions	Average exchange rate of contracts
Cash flow hedging contracts					
USD / GBP forward exchange contracts	USD	**14.8**	**1.62**	13.5	1.56
USD / EUR forward exchange contracts	USD	**36.0**	**1.33**	56.2	1.32
EUR / GBP forward exchange contracts	EUR	**17.4**	**1.21**	17.2	1.20
JPY / GBP forward exchange contracts	JPY	**459.0**	**163.6**	506.9	143.7
JPY / EUR forward exchange contracts	JPY	**629.0**	**136.7**	618.0	121.5

A net gain of £1.8 million (2013: £1.7 million gain) relating to forward exchange contracts that crystallised during the year was charged to the Income Statement.

Fair value hierarchy

The following summarises financial instruments carried at fair values and the major methods and assumptions used in estimating these fair values.

The different levels of fair value hierarchy have been defined as follows:

Level 1
Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3
Fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below shows the carrying values and fair values of financial assets and liabilities.

	Carrying value 2014 £m	Fair value 2014 £m	Carrying value 2013 £m	Fair value 2013 £m
Forward exchange contracts - Assets	**1.5**	**1.5**	3.5	3.5
Forward exchange contracts - Liabilities	**(2.5)**	**(2.5)**	(0.1)	(0.1)
Cash at bank and in hand	**9.2**	**9.2**	12.9	12.9
Net trade receivables	**37.2**	**37.2**	35.8	35.8
Trade payables	**(26.5)**	**(26.5)**	(25.1)	(25.1)
Fixed rate borrowings	**(33.0)**	**(34.1)**	(30.2)	(31.7)
Floating rate borrowings	**(47.1)**	**(47.1)**	(44.2)	(44.2)
	(61.2)	**(62.3)**	(47.4)	(48.9)

The fair value of floating rate borrowings approximates to the carrying value because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year.

The fair value of fixed rate borrowings is estimated by discounting the future contracted cash flow, using appropriate yield curves, to the net present values.

All financial instruments are deemed Level 2.

Section 4 – Capital Structure

4.2 Financial instruments

Interest rate profile

The table below analyses the Group's interest rate exposure arising from bank loans by currency.

Accounting policies

Net investment hedge accounting
The Group uses US Dollar, Euro and Japanese Yen denominated borrowings as a hedge against the translation exposure on the Group's net investment in overseas companies.

Where the hedge is fully effective at hedging the variability in the net assets of such companies caused by changes in exchange rates, the changes in value of the borrowings are recognised in the translation reserve within Equity, via the Statement of Comprehensive Income. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Income Statement.

The effective portion will be recycled into the Income Statement on the sale of the foreign operation.

Interest-bearing loans and borrowings

The table below analyses the Group's interest-bearing loans and borrowings, by currency.

Currency	Total £m	Fixed rate borrowings £m	Floating rate borrowings £m
US Dollar	**47.5**	**32.1**	**15.4**
Euro	**25.7**	**0.9**	**24.8**
Sterling	**5.3**	**-**	**5.3**
Japanese Yen	**1.6**	**-**	**1.6**
At 31 December 2014	**80.1**	**33.0**	**47.1**
US Dollar	44.1	30.2	13.9
Euro	16.6	-	16.6
Sterling	12.0	-	12.0
Japanese Yen	1.7	-	1.7
At 31 December 2013	74.4	30.2	44.2

The floating rate borrowings comprise borrowings bearing interest at rates based on LIBOR. The fixed rate borrowings in US Dollar are due for repayment on 11 May 2017.

Maturity profile of financial liabilities

The table below analyses the Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the carrying amounts disclosed on the Balance Sheet.

The following are the contractual maturities of financial liabilities, including undiscounted future interest payments.

2014	**Carrying amount £m**	**Total contractual cash flows £m**	**Within one year £m**	**From one to five years £m**	**From five to ten years £m**
Unsecured interest-bearing loans and borrowings	**(80.1)**	**(86.4)**	**(3.6)**	**(82.8)**	**-**
Trade payables	**(26.5)**	**(26.5)**	**(26.5)**	**-**	**-**
Forward exchange contracts	**(2.5)**	**(2.5)**	**(2.5)**	**-**	**-**
	(109.1)	**(115.4)**	**(32.6)**	**(82.8)**	**-**

2013	Carrying amount £m	Total contractual cash flows £m	Within one year £m	From one to five years £m	From five to ten years £m
Unsecured interest-bearing loans and borrowings	(74.4)	(82.8)	(2.2)	(80.6)	-
Trade payables	(25.1)	(25.1)	(25.1)	-	-
Forward exchange contracts	(0.1)	(0.1)	(0.1)	-	-
	(99.6)	(108.0)	(27.4)	(80.6)	-

The Group had the following undrawn borrowing facilities at the end of the year:

Expiring in:	**2014 £m**	2013 £m
Less than one year		
- Uncommitted facilities	**9.3**	10.8
More than one year but not more than five years		
- Committed facilities	**54.2**	55.8
Total	**63.5**	66.6

Section 4 – Capital Structure

4.3 Share capital and reserves

This note explains the movements in share capital, and the nature and purpose of other reserves forming part of equity. The movements in reserves are set out in the Consolidated Statement of Changes in Equity.

The Group utilises share award schemes as part of its employee remuneration packages. Options that have been granted and remain outstanding at 31 December 2014 are set out below. The various share-based payment schemes are explained in note 5.3 "Share-based payments".

Share capital

	Number of shares (thousands)	Nominal value £m
Issued and fully paid		
At 1 January 2014	44,061	8.8
Consideration for acquisition	73	-
Exercise of share options	188	0.1
At 31 December 2014	44,322	8.9

Each ordinary share carries one vote, participates equally with the other ordinary shares in distribution of dividends and capital (including on a winding up) and is not redeemable.

At 31 December 2014 the following options had been granted and remained outstanding under the Company's share option schemes:

	Number of shares (thousands)	Exercise prices	Dates normally exercisable
UK Sharesave Schemes	327	131p-543p	2015-2019
International Sharesave Schemes	410	131p-543p	2015-2018
	737		

Other Reserves

The nature and purpose of other reserves forming part of equity are as follows:

Translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, including gains or losses arising on net investment hedges.

Cash flow hedging reserve
This reserve records the cumulative net change in the fair value of forward exchange contracts where they are designated as effective cash flow hedge relationships.

Own shares held
Own shares held by the Company's Employee Benefit Trust are recognised as a deduction from retained earnings. As at 31 December 2014 the Company Employee Benefit Trust held 44,330 ordinary shares.

Dividends
After the Balance Sheet date the following final dividend for the year ended 31 December 2014 was recommended by the Directors and subject to approval by shareholders at the AGM on 12 May 2015 will be paid on 15 May 2015. The dividend has not been provided for at the year end and there are no tax consequences.

	2014 £m	2013 £m
14.7p per ordinary share (2013: 14.1p per ordinary share)	6.5	6.2

Section 5 – Other Supporting Notes

This section explains items that are not explained elsewhere in the financial statements.

5.1 Employees

	2014 £m	2013 £m
Employee costs, including Directors' remuneration, comprise:		
Wages and salaries	74.3	73.9
Employers' social security costs	10.5	11.5
Employers' pension costs - defined benefit schemes	1.0	1.1
Employers' pension costs - defined contribution schemes	1.4	1.5
Other employment benefits	3.0	3.1
Share-based payment charge	0.5	1.4
	90.7	92.5

Details of Directors' remuneration and share incentives are disclosed in the Remuneration Report. Employee costs exclude employment termination costs.

	2014 Total	2013 Total
Average number of employees during the year		
Videocom	915	921
Services	195	175
Total Broadcast	1,110	1,096
Photographic	744	781
Head Office	22	21
	1,876	1,898

Section 5 – Other Supporting Notes

5.2 Pensions

This note explains the accounting policies governing the Group's treatment of the pension schemes, followed by an analysis of these schemes.

Accounting policies

Defined contribution schemes
The assets are held separately from those of the Group in independently administered funds. The costs of providing pensions for employees under defined contribution schemes are expensed as incurred.

Defined benefit schemes
The Group operates pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to market yields at the Balance Sheet date on high quality corporate bonds.

The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they arise in the Statement of Comprehensive Income.

The Group recognises the ongoing service cost, past-service costs and any cost or income relating to the curtailment or settlement of a pension scheme in operating expenses in the Income Statement. The unwinding of the discount (above) is recognised as part of net financial expense.

Pension schemes
The Group has defined benefit pension schemes in the UK, Italy, Germany, Japan, Israel and France. The UK defined benefit scheme was closed to future benefit accrual with effect from 31 July 2010. All UK employees of the Group are now offered membership of the defined contribution pension scheme. Other overseas subsidiaries have their own defined contribution schemes.

Defined contribution schemes
The total Income Statement charge of the defined contribution schemes for the year ended 31 December 2014 was £1.4 million (2013: £1.5 million). There were no outstanding or prepaid contributions to these plans as at 31 December 2014 (or at 31 December 2013).

Defined benefit schemes

The Group's defined benefit schemes are disclosed below.

	2014 £m	2013 £m
Amounts recognised on the Group Balance Sheet		
Plan assets		
- Equities	**18.7**	24.0
- Bonds	**27.7**	23.2
- Other	**10.1**	3.0
Total fair value of plan assets	**56.5**	50.2
Present value of defined benefit obligation	**(64.2)**	(59.3)
Net deficit recognised in the Group Balance Sheet	**(7.7)**	(9.1)

	2014 £m	2013 £m
Analysis of net recognised deficit		
Total funded plan (UK Pension scheme)	(3.8)	(5.1)
Total unfunded plans (non-UK Pension schemes)	(3.9)	(4.0)
Liability recognised on the Group Balance Sheet	(7.7)	(9.1)

	2014 £m	2013 £m
Amounts recognised in the Income Statement		
- Administration costs incurred during the period	1.1	1.2
- Past service gain	(0.1)	(0.1)
Included in operating expenses	1.0	1.1
Net interest expense on net defined benefit pension scheme liabilities	0.3	0.3
Total amounts charged to the Income Statement	1.3	1.4

UK pension scheme

The UK pension scheme, being significant, is disclosed below.

The nature of the UK scheme is a funded final salary scheme closed to future benefit accrual with effect from 31 July 2010. As a result, since that date, no contributions are payable in respect of future accrual of benefits. As the 5 April 2013 funding valuation of the scheme disclosed a funding surplus, no recovery plan is required under the Pensions Act 2004. As such, member and employer contributions to the scheme over the year to 31 December 2015 are expected to be £nil. The scheme is subject to all legislation and regulations that apply to UK occupational pension schemes.

The main risk to which the Group is exposed to by the scheme is that the cost of the benefits provided by the scheme is greater than expected, for example due to lower than expected investments returns or members of the scheme living longer than expected, which may result in additional contributions being required from the Group.

	2014	2013
Impact on defined benefit obligation (DBO) of changes in the three key individual assumptions		
Discount rate increased by 0.1% points	-2%	-2%
Inflation increased by 0.1% points	+1%	+2%
Life expectancy reduced by one year	-3%	-2%

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

	2014 % pa	2013 % pa
Assumptions used by the actuary to value the liability of the defined benefit plan, on 31 December were:		
Price inflation (RPI)	3.0	3.3
Price inflation (CPI)	2.0	2.3
Life expectancy of male / female aged 65 in 2014	22.7 / 25.0	22.6 / 24.9
Life expectancy of male / female aged 50 in 2014	23.7 / 26.1	23.6 / 26.1
Pension increase rate (% pa)		
- Discretionary (pre - 6 April 1997 accrual in excess of GMP)	2.9	3.2
- Guaranteed LPI 5% (6 April 1997 - 30 June 2008)	2.9	3.2
- Guaranteed LPI 5%, with 3% floor	3.2	3.4
- Guaranteed LPI 2.5% (accrual from 1 July 2008)	2.0	2.4
Discount rate	3.6	4.5

Section 5 – Other Supporting Notes

5.2 Pensions

	2014 £m	2013 £m
Change in DBO for the year to 31 December		
Present value of DBO at start of year	55.3	53.8
Interest cost	2.4	2.3
Actuarial gain on experience	(2.1)	(1.9)
Actuarial loss on demographic assumptions	-	0.7
Actuarial loss on financial assumptions	7.0	1.9
Actual benefit payments	(2.2)	(1.4)
Past service gains	(0.1)	(0.1)
Present value of DBO at end of year	**60.3**	55.3

At 31 December 2014, the weighted-average duration of the scheme's DBO was 18 years (2013: 19 years). The proportion of DBO in respect of pensions in payment is 50% and that in respect of deferred pensioners is 50%.

	Fair value 2014 £m	Quoted split %	Unquoted split %	Fair value 2013 £m
Scheme assets and proportion which have quoted market price, at 31 December				
Bonds	27.7	100	-	23.2
Equities	18.7	73	27	24.0
Diversified growth (bonds and equities)	8.7	100	-	-
Cash/non-cash assets	1.0	-	100	0.5
Insurance policies	0.4	-	100	0.3
Property	-	-	-	2.2
Total value of assets	**56.5**			50.2

Note: The asset values shown are, where relevant, estimated bid values of market securities.

	2014 £m	2013 £m
Change in fair value of assets for the year to 31 December		
Fair value of assets at start of year	50.2	49.0
Interest income on scheme assets	2.2	2.1
Return on scheme assets greater than discount rate	6.5	0.7
Actual benefit payments	(2.2)	(1.4)
Administration expenses paid	(0.2)	(0.2)
Fair value of assets at end of year	**56.5**	50.2

Development of net balance sheet position at 31 December	2014 £m	2013 £m
Present value of defined benefit obligation	(60.3)	(55.3)
Assets at fair value	56.5	50.2
Net defined benefit scheme liability	**(3.8)**	**(5.1)**

Reconciliation of net balance sheet position	2014 £m	2013 £m
Net defined benefit scheme liability at start of year	(5.1)	(4.8)
Total amounts charged to the Income Statement	(0.3)	(0.3)
Remeasurement effects recognised in Other Comprehensive Income (OCI)	1.6	-
Defined benefit scheme liability at end of year	**(3.8)**	**(5.1)**

Amounts recognised in the Group Income Statement	2014 £m	2013 £m
- Administration costs incurred during the period	0.2	0.2
- Past service gains	(0.1)	(0.1)
Included in operating expenses	0.1	0.1
Net interest expense on net defined benefit pension scheme liability	0.2	0.2
Total amounts charged to the Income Statement	**0.3**	**0.3**

Amounts recognised in OCI	2014 £m	2013 £m
Actuarial gain due to liability experience	(2.1)	(1.9)
Actuarial loss due to liability assumption changes	7.0	2.6
Actuarial loss arising during the period	4.9	0.7
Return on scheme assets less than discount rate	(6.5)	(0.7)
Remeasurement effects recognised in OCI	**(1.6)**	**-**

Defined benefit pension scheme cost	2014 £m	2013 £m
Administration costs incurred during the period	0.2	0.2
Past service gains	(0.1)	(0.1)
Net interest expense on net defined benefit pension scheme liability	0.2	0.2
Remeasurement effects recognised in OCI	(1.6)	-
Total defined benefit pension scheme cost	**(1.3)**	**0.3**

Section 5 – Other Supporting Notes

5.3 Share-based payments

Group employees participate in a number of employee incentive schemes including a Sharesave Scheme, a Long Term Incentive Plan and a Deferred Bonus Plan.

This note explains the accounting policy governing share-based payments and the impact of various share schemes operated by the Group.

Accounting policies

Share-based payments
The Group operates a number of share-based incentive schemes. The fair value of the equity-settled employee share option grants is calculated at grant date and charged to the Income Statement over the vesting period of the schemes, with a corresponding adjustment to equity. The value of the charge is adjusted to reflect expected and actual levels of options that will vest, except where forfeiture arises from share prices not achieving the threshold for vesting.

The fair values of options are calculated using Black-Scholes or Monte Carlo simulation models. Vesting conditions are limited to non-market based conditions such as service conditions and performance conditions (adjusted earnings per share targets).

Any potential employer's Social Security liability on options granted is calculated based on the intrinsic value of the options and charged to the Income Statement over the vesting period of the schemes.

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. Shares purchased in the market are held in the Company's Employee Benefit Trust.

A description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, such as vesting requirements, the maximum term of options granted, and the method of settlement (for example whether in cash or equity) is set out in the Remuneration Report.

Share-based payments expense

The amount recognised in the Income Statement for share-based payment transactions with employees for the year ended 31 December 2014 was £0.4 million (2013: £1.3 million), of which £0.1 million credit (2013: £0.1 million credit) related to employers' tax liability.

The outstanding employers' tax liability recognised in the Balance Sheet for UK awards was £nil (2013: £0.2 million).

Share options outstanding at the end of the period

Options outstanding under the 2002 UK Sharesave Scheme, 2002 International Sharesave Plan, 2011 UK Sharesave Scheme and 2011 International Sharesave Plan as at 31 December 2014, together with their exercise prices and vesting periods, are as follows:

	Number outstanding (thousands)	Weighted average exercise price (£)	Weighted average remaining contractual life (years)
Range of Exercise Prices			
£1.30 - £1.40	5	1.31	2
£3.01 - £4.00	7	3.53	1
£4.51 - £5.00	238	4.84	4
£5.01 - £5.50	487	5.22	2
Total	737	5.05	3

Movements in these share option plans were as follows:

	Sharesave (thousands)	Weighted average Exercise Price (£)
Awards at 31 December 2012	889	4.14
Exercised during 2013	(195)	3.49
Lapsed during 2013	(133)	5.05
Granted during 2013	198	5.06
Awards at 31 December 2013	759	4.14
Exercised during 2014	(372)	3.59
Lapsed during 2014	(83)	5.29
Granted during 2014	433	4.98
Awards at 31 December 2014	737	5.05
Awards exercisable at 31 December 2014	-	4.72

The weighted average share price at the date of exercise for share options exercised during the year was £5.91 (2013: £6.00).

Arrangement	2011 International Sharesave Plan 2 Year	2011 UK and International Sharesave Scheme 3 Year	2011 UK and International Sharesave Scheme 5 Year	2005 Long Term Incentive Plan	2005 Deferred Bonus Plan
Nature of arrangement	"Save as you earn scheme"	"Save as you earn scheme"	"Save as you earn scheme"	Share award plan	Share award plan
Date of grant	25 Sep 2014	25 Sep 2014	25 Sep 2014	2 April 2014	31 March 2014
Number of instruments granted (thousands)	202	193	39	588	75
Exercise Price	£5.15	£4.84	£4.84	n/a	n/a
Share price at date of grant	£6.03	£6.03	£6.03	£6.16	£5.97
Contractual Life (years)	2.3	3.6	5.6	n/a	n/a
Expected Option Life (years)	2.3	3.3	5.3	n/a	n/a
Vesting conditions	2 year service period and savings requirement	3 year service period and savings requirement	5 year service period and savings requirement	Relative TSR performance against comparator group, and adjusted EPS growth	Relative TSR performance against comparator group, and adjusted EPS growth for matching awards
Settlement	Shares	Shares	Shares	Shares	Shares
Expected Volatility (1)	23.0%	23.0%	23.0%	23.5%	23.5%
Risk free interest rate	1.13%	1.45%	1.81%	n/a	n/a
Expected Dividend Yield	4.00%	4.00%	4.00%	n/a	n/a
Expected departures (per annum from grant date)	5%	5%	5%	10%	5%
Expected outcome of non-market based related performance condition	n/a	n/a	n/a	0%	0%
Fair value per granted instrument determined at the grant date	£0.99	£1.19	£1.22	£6.16/£2.74 (2)	£5.97/£2.73 (2)
Valuation Model	Black Scholes	Black Scholes	Black Scholes	Monte Carlo (3)	Monte Carlo (3)

(1) The expected volatility is based on historical volatility determined by the analysis of daily share prices over a period commensurate with the expected lifetime of the award and ending on the date of grant of the award. Due to significant fluctuations in Vitec's share price during the year a uniform rate has been used for all the Sharesave options as a reasonable estimate of volatility going-forward.

(2) The first figure represents fair value of awards subject to adjusted EPS growth criteria and the second figure represents fair value of awards subject to TSR criteria.

(3) For the 2005 LTIP and 2005 DBP Matching awards, a Monte-Carlo simulation has been used. Under this valuation method, the share price for Vitec is projected at the end of the performance period as the TSR for Vitec and the companies in the comparator group. Based on these projections, the number of awards that will vest is determined. Thousands of simulations are run and the fair value of the award is calculated as the product of the vesting probability and the share price at the date of grant.

Section 5 – Other Supporting Notes

5.4 Leases

Operating leases primarily relate to the Group's properties, which principally comprise offices, warehouses and factory facilities. None of the leases include contingent rentals.

Accounting policies

Leases
Operating leases are those which do not transfer substantially all the risks and rewards of ownership to the lessee, the rentals of which are charges to the Income Statement on a straight line basis over the lease term.

	Land and buildings £m	Other £m	Total 2014 £m	Land and buildings £m	Other £m	Total 2013 £m
Total future minimum lease payments under non-cancellable operating leases						
Expiring within one year	1.1	0.1	1.2	0.4	0.1	0.5
Expiring two to five years	8.2	1.1	9.3	8.5	1.0	9.5
Expiring after five years	2.6	-	2.6	9.0	-	9.0
	11.9	1.2	13.1	17.9	1.1	19.0

During the year £4.9 million (2013: £5.0 million) was recognised in the Income Statement in respect of operating lease payments.

5.5 Related party transactions

A related party relationship is based on the ability of one party to control or significantly influence the other.

The Group has identified the Directors, the Vitec Group Pension Scheme and members of the Operations Executive as related parties to the Company under IAS 24, Related Party Disclosures.

Transactions with key management personnel
Details of Directors' remuneration along with their pension, share incentive, bonus arrangements and holdings of the Company's shares are shown in detail in the Remuneration Report.

The compensation of the seven (2013: seven) members of the Operations Executive during the year, including the Executive Directors is shown in the table below.

	2014 £m	2013 £m
Salaries	1.7	1.7
Performance-related bonuses	0.8	1.5
Share-based payment charge (1)	0.1	0.6
Other short-term employee benefits	0.2	0.2
Post employment benefits	0.2	0.2

(1) IFRS 2 charge recognised in the Income Statement for share-based payment transactions with members of the Operations Executive.

5.6 Principal Group investments

The Group's principal subsidiaries as at 31 December 2014 are listed below. All subsidiaries are 100% owned within the Group.

	Country of incorporation
Vitec Group US Holdings, Inc	US
Vitec Group Holdings Limited	UK
Vitec Investments Limited	UK
Broadcast	
Autocue Group Limited	UK
Vitec Videocom Limited	UK
Vitec Videocom, Inc	US
Vitec Videocom Limitada	Costa Rica
Haigh-Farr, Inc	US
Camera Corps Ltd	UK
Teradek, LLC	US
Vitec Broadcast Services Inc	US
Photographic	
Manfrotto Distribution, Inc	US
Manfrotto Distribution KK	Japan
Vitecgroup Italia Spa	Italy
Manfrotto UK Limited	UK
Manfrotto Bags Ltd	Israel

Exemption has been taken under section 410 of the Companies Act 2006 to list all the subsidiary undertakings of the Group. A full list of related subsidiary undertakings will be included in the Company's next annual return filed with the Registrar of Companies.

5.7 Subsequent events

There were no events after the Balance Sheet date that require disclosure.

Company Balance Sheet

As at 31 December 2014

	Notes	2014 £m	2013 £m
Fixed assets			
Tangible fixed assets	f)	1.3	1.4
Investments in subsidiary undertakings	g)	419.3	398.3
		420.6	399.7
Current assets			
Debtors	h)	4.7	6.9
Cash at bank and in hand		1.1	13.9
		5.8	20.8
Liabilities falling due within one year			
Creditors	i)	(8.4)	(11.4)
Provisions	j)	(0.1)	(0.2)
		(8.5)	(11.6)
Net current assets/(liabilities)		(2.7)	9.2
Total assets less current liabilities		417.9	408.9
Liabilities falling due after one year			
Creditors	i)	(112.9)	(105.1)
Provisions	j)	-	(0.1)
		(112.9)	(105.2)
Net assets		305.0	303.7
Capital and reserves			
Called up share capital	k)	8.9	8.8
Share premium account	l)	13.4	12.1
Revaluation reserve	l)	0.9	0.9
Merger and other reserves	l)	55.3	55.3
Profit and loss account	l)	226.5	226.6
Equity shareholders' funds		305.0	303.7

Approved by the Board on 24 February 2015 and signed on its behalf:

Paul Hayes
Group Finance Director

The Vitec Group plc
Registered in England and Wales no. 227691

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 December 2014

	2014 £m	2013 £m
Profit for the financial year	**11.2**	19.2
Dividends paid	**(10.3)**	(9.8)
Retained profit for the year	**0.9**	9.4
Own shares purchased	**(1.5)**	(1.5)
Share based payment charge, net of tax	**0.5**	2.9
New shares issued	**1.4**	1.7
Net increase in shareholders' funds	**1.3**	12.5
Opening shareholders' funds	**303.7**	291.2
Closing shareholders' funds	**305.0**	303.7

Notes to the Company Financial Statements

a) Basis of preparation

These accounts have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

Under section 408 (3) of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

Under FRS 1 (revised) the Company is exempt from the requirement to present a cash flow statement on the grounds that its cash flows are included in the Group consolidated financial statements.

Under FRS 29 the Company is exempt from the requirement to provide its own financial instruments disclosures, on the grounds that it is included in publicly available consolidated financial statements which include disclosures that comply with the IFRS equivalent to that standard.

Under FRS 8 the Company is exempt from the requirement to disclose transactions or balances with wholly owned subsidiaries which form part of the Group.

b) Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated at the year end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year end, a currency translation gain or loss may arise. Any such differences are recognised in the profit and loss account.

Fixed assets and depreciation
Depreciation is provided to write off the cost or valuation of property, plant and equipment, less estimated residual value, on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land. Other fixed assets are depreciated as follows:

Freehold buildings	up to 50 years
Leasehold improvements	over the remaining period of the lease
Motor vehicles	3 to 4 years
Equipment, fixtures and fittings	3 to 10 years

Fixed assets are stated at cost except that, as allowed under FRS 15 “Tangible Fixed Assets”, on adoption of that standard in the year ending 31 December 2000 when the book amounts of revalued land and buildings were retained. These book values are based on the previous revaluation on 31 March 1989 and have not been subsequently revalued.

Fixed asset investments
Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. A list of principal subsidiaries directly owned by the Company is contained within note 5.6 “Principal Group investments” of the Group’s consolidated financial statements.

Leases
Annual payments under operating leases are charged to the profit and loss account on a straight line basis.

Pensions
The Company participates in the Group’s defined benefit scheme operated in the UK, which was closed to future benefit accrual with effect from 31 July 2010. All UK employees of the Company are now offered membership of the defined contribution scheme. The assets of the schemes are held separately from those of the Company. The Company is unable to identify its share of the group defined benefit scheme’s underlying assets and liabilities and therefore accounts for it as a defined contribution scheme. The amounts charged against profits represent contributions payable to the schemes in respect of the accounting period.

Further details of the UK pension scheme are disclosed in note 5.2 “Pensions” of the Group’s consolidated financial statements.

Share-based payments
The Group operates a number of share-based incentive schemes. Further details are disclosed in note 5.3 “Share-based payments” of the Group’s consolidated financial statements.

Dividends
Dividends are recognised through equity on the earlier of their approval by the Company’s shareholders or their payment.

c) Employees

	2014 £m	2013 £m
Employee costs comprise:		
Wages and salaries	3.2	3.3
Employers' social security costs	0.4	0.4
Employers' pension costs - defined contribution schemes	0.1	0.1
Share-based payment charge (1)	0.5	1.4
	4.2	5.2

(1) Share-based payment charge represents the Group total.

	2014	2013
Average number of employees during the year	22	21

Further details of Directors' remuneration and share incentives are disclosed in the Remuneration Report.

d) Audit fees

The audit fee in respect of the parent company was £0.1 million.

Further details of the Group audit fee are disclosed in note 2.1 "Profit before tax" of the Group's consolidated financial statements.

e) Dividends

	2014 £m	2013 £m
The aggregate amount of dividends comprises:		
Final dividends paid in respect of prior year but not recognised as liabilities in that year	6.2	5.9
Interim dividends paid in respect of the current year	4.1	3.9
	10.3	9.8

A final dividend of 14.7p per share has been recommended by the Board.

Notes to the Company Financial Statements

f) Tangible fixed assets

	Total £m	Freehold land and buildings £m	Leasehold buildings £m	Equipment, fixtures and fittings £m
Cost or valuation				
At 1 January 2014 and 31 December 2013	3.2	2.6	0.5	0.1
Depreciation				
At 1 January 2014	1.8	1.5	0.2	0.1
Charge for the year	0.1	-	0.1	-
At 31 December 2014	1.9	1.5	0.3	0.1
Net book value				
At 1 January 2014	1.4	1.1	0.3	-
At 31 December 2014	1.3	1.1	0.2	-

Freehold land and buildings disclosed at a revalued net book value of £1.2 million would have been stated under historical cost at £0.7 million and a net book value of £nil.

The revalued amount of the land and buildings has been retained as allowed for by the transitional provisions set out in FRS 15 "Tangible Fixed Assets".

The Company had the following commitments during the following year, under non-cancellable operating leases:

	Land and buildings	
	2014 £m	2013 £m
Expiring within one year	0.2	-
Expiring in two to five years	0.1	0.3
	0.3	0.3

g) Investments in subsidiary undertakings

	Total £m	Investment in other shares £m	Loans £m
Cost			
At 1 January 2014	398.9	336.1	62.8
Additions	21.0	8.9	12.1
At 31 December 2014	419.9	345.0	74.9
Provisions			
At 1 January 2014 and 31 December 2014	0.6	0.6	-
Net book value			
At 1 January 2014	398.3	335.5	62.8
At 31 December 2014	419.3	344.4	74.9

The additions in investments during the year reflect the Company's restructuring of certain subsidiary holding and financing companies.

h) Debtors

	2014 £m	2013 £m
Amounts falling due within one year		
Amount owed by subsidiary undertakings	1.8	0.2
Corporation tax	0.5	1.2
Other debtors	0.8	1.6
Derivative financial instruments - forward exchange contracts	1.0	3.4
Deferred tax assets	0.3	0.3
Prepayments and accrued income	0.3	0.2
	4.7	6.9

i) Creditors

	2014 £m	2013 £m
Amounts falling due within one year		
Amounts owed to subsidiary undertakings	5.1	5.1
Derivative financial instruments - forward exchange contracts	1.0	3.4
Other creditors	0.2	0.1
Accruals and deferred income	2.1	2.8
	8.4	11.4
Amount falling due after more than one year		
Bank loans (unsecured)	77.9	74.4
Amounts owed to subsidiary undertaking	35.0	30.7
	112.9	105.1

Contingent liabilities

There are no contingent liabilities at 31 December 2014 (2013: £nil).

j) Provisions

	Onerous lease £m
At 1 January 2014	0.3
Provisions utilised during the year	(0.2)
At 31 December 2014	0.1
Due within one year	0.1

The onerous lease contracts provision is in relation to non-cancellable leases on vacant property that the Company entered into in previous years. Utilisation of the provision will be over the anticipated life of the lease or earlier if exited.

Notes to the Company Financial Statements

k) Called up share capital

	Number of shares (thousands)	Nominal value £m
Issued and fully paid		
At 1 January 2014	44,061	8.8
Consideration for acquisitions	73	-
Exercise of share options	188	0.1
At 31 December 2014	**44,322**	**8.9**

Details of share based payments and share options are stated in note 5.3 "Share-based payments" of the Group's consolidated financial statements.

l) Reserves

	Share premium account £m	Revaluation reserve £m	Merger and other reserves £m	Profit and loss account £m
At 1 January 2014	12.1	0.9	55.3	226.6
Dividends paid	-	-	-	(10.3)
Own shares (Employee Benefit Trust) purchased	-	-	-	(1.5)
Share based payment charge, net of tax	-	-	-	0.5
New shares issued	1.3	-	-	-
Profit for the year	-	-	-	11.2
At 31 December 2014	**13.4**	**0.9**	**55.3**	**226.5**

Other reserves represents the capitalisation of the share premium account, £22.7 million in 1989 and £37.3 million in 1995 less £16.0 million of share repurchases in 1995.

m) Related party transactions

The Company has identified a related party relationship with its Board, the Vitec Group Pension Scheme and members of the Operations Executive as disclosed in the Remuneration Report and note 5.5 "Related party transactions" of the Group's consolidated financial statements. There are no other related party transactions to disclose.

n) Post Balance Sheet events

The financial statements were authorised for issue by the Board on 24 February 2015. There were no events after the balance sheet date that require disclosure.

Five Year Financial Summary

Years ended 31 December

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Revenue	**309.6**	315.4	345.3	351.0	309.6
Operating profit [1]	**38.8**	39.5	39.3	34.5	27.7
Interest payable on interest-bearing loans and borrowings	**(3.6)**	(3.6)	(3.2)	(1.9)	(1.2)
Other finance income/(expense)	**0.1**	(0.3)	0.1	0.4	0.2
Profit before tax [2]	**35.3**	35.6	36.2	33.0	26.7
Cash generated from operating activities	**42.0**	52.4	38.4	39.1	34.6
Interest paid	**(3.3)**	(3.6)	(3.1)	(1.8)	(1.2)
Tax paid	**(3.5)**	(8.5)	(10.8)	(11.1)	(0.9)
Net cash from operating activities	**35.2**	40.3	24.5	26.2	32.5
Net capital expenditure on property, plant and equipment, software and development costs	**(17.0)**	(18.9)	(13.7)	(9.7)	(14.5)
Free cash flow	**18.2**	21.4	10.8	16.5	18.0
Capital employed					
Intangible assets	**87.1**	76.3	68.2	75.0	51.8
Property, plant and equipment	**54.8**	53.5	48.6	50.1	53.4
Other net assets	**35.2**	39.2	48.3	39.5	27.0
	177.1	169.0	165.1	164.6	132.2
Financed by					
Shareholders' funds - equity	**118.6**	120.2	114.6	129.3	124.3
Net debt	**70.9**	61.5	63.7	50.4	28.1
Deferred tax	**(12.4)**	(12.7)	(13.2)	(15.1)	(20.2)
	177.1	169.0	165.1	164.6	132.2
Statistics					
Operating profit (%) [1]	**12.5**	12.5	11.4	9.8	8.9
Effective tax rate (%) [2]	**30.0**	30.9	32.9	32.7	33.0
Adjusted basic earnings per share (p) [3]	**55.9**	56.1	55.8	51.4	41.9
Basic earnings per share (p)	**29.4**	31.9	13.6	34.7	42.8
Dividends per share (p)	**24.0**	23.0	22.0	20.5	19.0
Year end mid-market share price (p)	**594.0**	639.0	635.3	555.7	585.0

(1) Before restructuring costs and charges associated with acquired businesses in 2014, 2013, 2012 and 2011; and before significant items in 2010.

(2) Before restructuring costs, charges associated with acquired businesses and disposal of business in 2014, 2013, 2012 and 2011; and before significant items in 2010.

(3) Differences between adjusted basic and basic earnings per share arise from restructuring costs, charges associated with acquired businesses, disposal of business and related tax in the years in question.

Shareholder Information and Financial Calendar

Shareholder information

The Investors section of the Company's website, www.vitecgroup.com, contains detailed information on news, key financial information, annual reports, financial calendar, share price information, dividends and key contact details. The following is a summary and readers are encouraged to view the website for more detailed information.

Shareholder enquiries

For all enquiries about your shareholding please contact the Company's registrar:

Capita Asset Services ("Capita")	
Website	www.capitashareportal.com
Email	shareholderenquiries@capita.co.uk
Address	The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Phone from UK	0871 664 0300*
Phone from overseas	+44 (0)20 8639 3399**

* Calls cost 10p per minute plus any network extras. Lines are open from 9.00am to 5.30pm Monday to Friday.

** Calls will be charged at standard overseas rates.

Dividend reinvestment plan

The Company offers a Dividend Reinvestment Plan that enables shareholders to reinvest cash dividends into additional shares in the Company. Application forms can be obtained from Capita. You must arrange for your Dividend Reinvestment Plan application form to be received by Capita no later than Monday, 20 April 2015 to join the plan for the final dividend for the year ended 31 December 2014.

International dividend payment service

Overseas shareholders can receive their dividends in a local currency instead of in Sterling and can find out more about this by calling the international phone number above or by visiting http://international.capitaregistrars.com. Any election to receive dividends in local currency in respect of the final dividend for the year ended 31 December 2014 payable on Friday, 15 May 2015 must be received by Capita no later than the record date for the final dividend, Friday, 17 April 2015.

Share price information

The closing middle market price of a share of The Vitec Group plc on 31 December 2014 was £5.94. During the year, the share price fluctuated between £5.40 and £6.89. The Company's share price is available from the Group's website, www.vitecgroup.com, with a 15-minute delay, and from the Financial Times website, www.ft.com, with a similar delay.

Share scams

Shareholders should be aware that fraudsters may try and use high pressure tactics to lure investors into share scams. Information on share scams can be found on the Financial Conduct Authority's website, www.fca.org.uk/scams, or via their consumer helpline: 0800 111 6768.

Financial calendar

Ex-dividend date for 2014 final dividend	Thursday, 16 April 2015
Record date for 2014 final dividend	Friday, 17 April 2015
Annual General Meeting	Tuesday, 12 May 2015 (10.00 a.m.)
2014 final dividend payment date	Friday, 15 May 2015
Announcement of 2015 half year results	Thursday, 6 August 2015
Proposed 2015 interim dividend payment date	October 2015

Analysis of shareholdings as at 31 December 2014

Shares held	Number of holders	% of holders	Number of shares	% of shares
Up to 1,000	509	52.1	194,596	0.4
1,001 to 5,000	278	28.4	660,592	1.5
5,001 to 10,000	57	5.8	424,065	1.0
10,001 to 50,000	72	7.4	1,759,126	4.0
50,001 to 100,000	17	1.7	1,306,793	2.9
100,001 and over	45	4.6	39,976,602	90.2
	978	**100**	**44,321,774**	**100**
Institutions and companies	323	33.0	41,997,819	94.8
Individuals including Directors and their families	655	67.0	2,323,955	5.2
	978	**100**	**44,321,774**	**100**

Find out more
www.vitecgroup.com/Investors/Shareholderservices

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