NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company, contain some documents, which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause

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COMPANY NO: 2122174.

REPORT AND ACCOUNTS 1994

SAVILLS

CONTENTS

FINANCIAL CALENDAR

Half year results announced	11 January 1994
Full year results announced	13 July 1994
Ordinary shares ex-dividend	25 July 1994
Annual General Meeting	7 September 1994
Proposed final ordinary dividend payment date for shareholders on the register at 11 August 1994	9 September 1994

Savills plc 20 Grosvenor Hill, Berkeley Square, London W1X 0HQ

Tel 071-499 8644 Fax 071-495 3773

Registered in England No. [illegible]

George Inge, FRICS. *Chairman, Savills plc*

Chairman's Statement

I am delighted to report that the Group's pre-tax profit for the year to 30 April 1994 increased by 125% compared with the previous year to £3.24m (1993 - £1.44m). The Board is recommending a final dividend of 1.5p (net), making a total for the year of 2.25p (1993 - 1.0p). The Group turnover for the year was up by 26% to £31.9m (1993 - £25.3m), reflecting the recovery in the various property markets in which the Group operates.

The climate of low interest rates throughout this last year, coupled with low inflation, created an increasing air of confidence within the property sector. This was particularly noticeable in the commercial investment market where our Investment team had a record year. This confidence, however, has not in all cases been matched by rental growth, especially in the office and industrial sectors. It is therefore noteworthy that our City Agency Department had a good year and we are beginning to see signs of increased activity in the provincial markets.

Strengthening house prices at the upper end of the market in London and the country, strong demand for development land and increasing farmland prices were major factors in the performance of our Agricultural & Residential subsidiary. The growth of its core professional business continued in a very competitive market place.

We have continued our policy of strengthening our international links and I am delighted to record our new associations with Galbreath in the United States, Robina Gonzales in Mexico, HRL in Singapore, Rahim & Co in Malaysia and The Profi Group in Sweden and the Benelux countries. In order to manage this expanded group, we are working in partnership with our associates to provide the resources necessary to ensure that we can offer an effective cross-border service.

As I mentioned in last year's Report, we are looking to invest in a broader range of property related businesses. The performance of Savills Finance has been most encouraging in both its corporate finance advisory and debt financing work. We are looking to expand our finance business further. In particular, we believe that by providing direct finance or taking equity interests in certain types of property transactions, we can generate good returns for shareholders with carefully contained risk and also facilitate opportunities for earning fees in the rest of the Savills Group.

During the year we have seen some changes at Board level. Alan Jordan retired at the beginning of the financial year and I would like to express my particular thanks to Alan for the enormous contribution he made to Savills in his twenty-four years with the Company. Jeremy Aitchison left the Company last summer to concentrate on his own property business and we wish him the best of success. I am delighted to welcome to the Board Justin Roberts, who has joined us on the Commercial investment side.

Richard Jewson has joined as a Non-Executive Director, and we look forward to the wealth of experience he will bring to our Board.

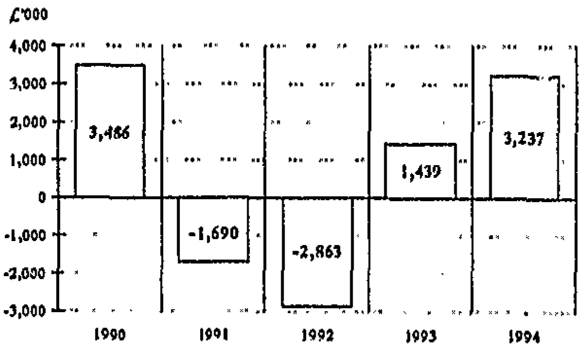
We have always recognised the importance of retaining and recruiting the highest quality staff by offering incentivised remuneration packages. There are currently opportunities to increase our market share and overall profitability by attracting key fee earners and we have accordingly further focused our bonus scheme on rewarding outstanding performance. The results for the year demonstrate the way in which this has helped to lift profitability and will be a vital ingredient in the future development of the business. We have recruited a number of key staff during the year in areas which we hope will develop well in the current year.

This has been a particularly good year for us with a significant increase in turnover and profits and further strengthening of our balance sheet and cash balances. There seems to be some uncertainty within the financial markets generally, which may impact on investor sentiment but so far has had little effect on our Residential side. However, we have started 1994/5 on a positive note and the spread of our business should ensure continued good performance.

G. P. F. Kge.

Five Year Review

Profit/(loss) on ordinary activities before taxation



Pre-tax profit for the year increased by 125%.

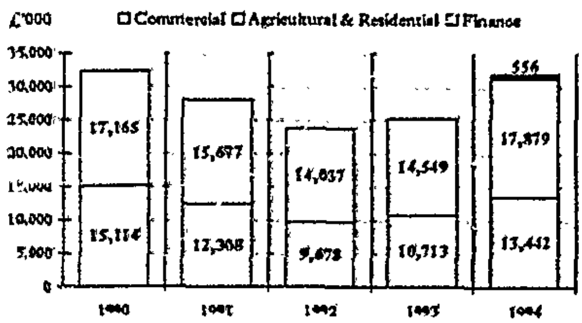
Financial Review

The overall Group operating profit of £2.83m (1993 - £1.28 m) reflects a strong performance in the two main operating subsidiaries, Commercial and Agricultural & Residential, together with a first time contribution from the recently established Finance sub-group.

Total turnover rose by 26% to £31.9m (1993 - £25.3m) with the two main operating subsidiaries both seeing broad based increases throughout their businesses. The resurgence of transactional activity meant that agency experienced particular growth so that professional fee income amounted to 45% of the total (1993 - 53%).

Five Year Review

Total Turnover

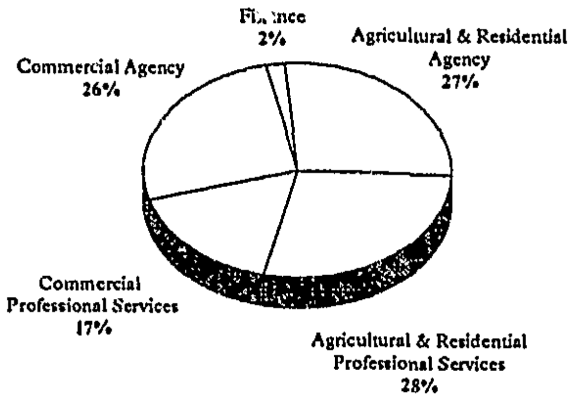


Turnover up by 26% for the year

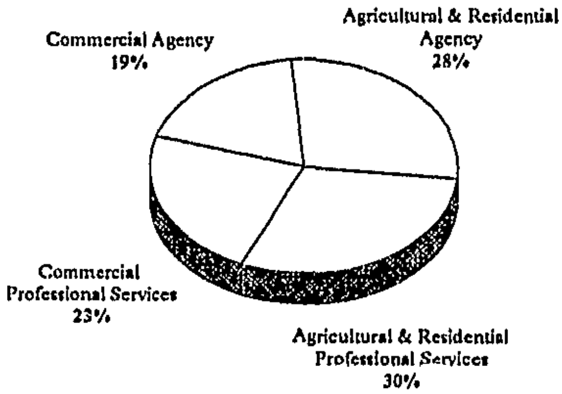
Great emphasis continues to be placed on controlling costs. The main operating expenses are basic staff costs which increased by just 4% reflecting the recruitment of additional staff as the business expands. Total property costs showed a similar increase. We continue to adopt a policy of caution in respect of provisions against debtors and other claims.

The Group operates an incentivised bonus scheme which has enabled us to keep basic salary costs down at the same time as providing a high degree of motivation to key fee earners. The bonus system, which includes a Profit Related Pay scheme, covers staff at all levels. The amount paid for the year totalled £4.77m, representing 16% of total costs.

Group Income
1993/4



Group Income
1992/3



The resurgence of transactional activity meant that agency experienced particular growth so that professional fee income amounted to 45% of the total (1993 - 53%).

A build up of bank balances from the strong cash flow generated by the operating activities resulted in interest received more than doubling to £333,000 (1993 - £162,000), despite average interest rates falling during the year.

The tax charge for the year of £970,000 (1993 - £638,000) represents an effective tax rate of 30% compared with 44% last year. The lower rate is principally attributable to adjustments in respect of prior years. At normal levels of disallowable costs a more typical tax charge would be close to 35%.

Current Liquidity
Inevitably as the business continues its expansion, there is a need to ensure that the offices and staff have the facilities to operate efficiently. Capital expenditure was comfortably financed out of cash flows with the result that, even after allowing for the repayment of the capital element of finance leases, the increase in cash and cash equivalents was £5.03m. This increase was considerably enhanced by higher creditors, largely representing accruals for annual staff performance bonuses which are not paid until July.

The £10.0m of cash net of finance leases at the year end represented some 76% of the net tangible assets of the Group. With levels of capital expenditure likely to remain much the same as last year, the level of liquidity is more than adequate for the business.

Treasury Policy
The Group operates a centralised treasury function whereby all surplus cash funds are pooled and then deposited to achieve the best return available. Treasury is not regarded as a separate profit centre but as a service provided to the operating companies.

In order to minimise the potential for capital risk, funds are deposited with banks and financial institutions with top credit ratings for periods of up to three months.

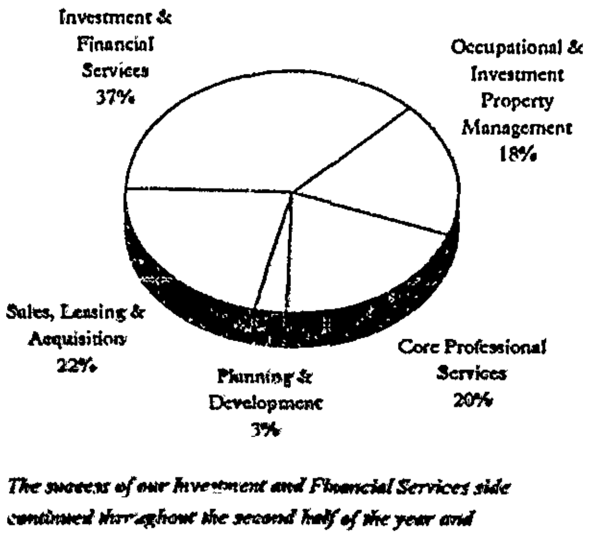
Balance Sheet Value
The balance sheet merely reflects the tangible assets and liabilities of the business. Savills has various other strengths and resources which are considered to be of great value but to which no financial amount is attributed:

- The goodwill of the Savills name, both within the UK and internationally.
- The recognised quality and integrity of Savills staff.
- Our database of property information.

Operating Review
Commercial

Savills Commercial increased its operating profit by 82%, giving £1.49m for the year to 30 April 1994 (1993 - £819,000). Turnover increased by 25% to £13.4m (1993 - £10.7m). Operating costs were tightly controlled and were maintained at last year's level before the provision of profit related bonuses. Consequently a substantial contribution was made to the Group's cash balances.

Savills Commercial
Fee Income 1993/4



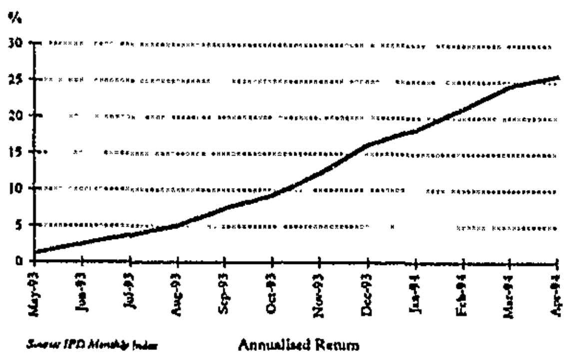
The success of our Investment and Financial Services side continued throughout the second half of the year and contributed substantially to the profit.

The success of our Investment and Financial Services side, which we highlighted at the interim stage, continued throughout the second half of the year and contributed substantially to the profit. Its share of Commercial turnover rose from 23% to 37%. Billing in the remainder of the business showed a small increase on the previous year.

In the past year we have been able to attract some notable new recruits to the Company at senior level. We are particularly pleased to welcome Justin Roberts, who now heads our Investment Sales Department, and Shigeki Nakajima, who runs our Japanese desk.

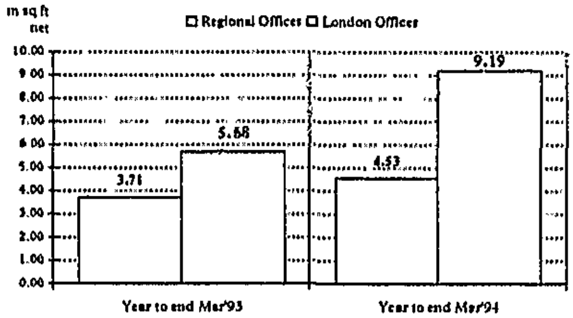
Our graduate programme remains central to the recruitment of our key players of the future, and in the current year we will be expanding our professional staff by 7% with new graduates in September.

Commercial Property: Total Returns
May 1993 - April 1994



Investment returns have increased significantly during the past year.

Office Take-Up
1993-1994



Take-up in London and the core South East rose by 46% in the past twelve months.

Investors

Our strategy to expand the Investment side of our business was well timed. The commercial property market of 1993/4 will be remembered as the point at which the investment sector came out of recession. The sector saw a considerable increase in demand fuelled by reductions in the cost of money and the attractive yields available compared with those in the equities and gilts markets. The year saw a substantial rationalisation of property investment portfolios and significant increases in values.

Investment Property Databank reported a total return on all commercial property for the twelve months to April 1994 of 25.9% which included capital growth of 15.4%. Our Investment Department had an extremely active year, concluding transactions involving purchases and sales amounting to a total of £600m, double the previous year's total.

In contrast to the yield driven investment market of the past year, we expect the year ahead to have a higher regard to the property fundamentals of inherent rental and capital growth. We have a strong and successful investment team who are ready to take advantage of the opportunities that arise.

Occupiers

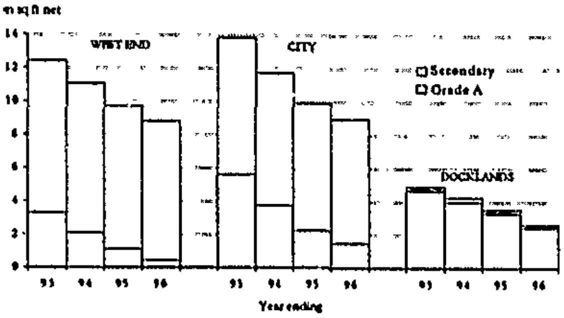
As economic recovery gathers strength, we have seen a build up of occupier demand in most sectors. In the highly oversupplied Central London office market, there was a 61% increase in take-up during the year, and a 30% increase in the turnover of our Agency Departments.

The emphasis of demand is for quality Grade A accommodation, where shortages are now generating rental growth in both London and regional markets. This growth is primarily demonstrated by a reduction in the incentives and rent free periods available to new tenants of Grade A property. Nevertheless, there is still a great deal of second hand space overhanging the market, where growth will be slower to materialise.

Our Occupational and Investment Management service has been extensively used during the year by both investor clients and by corporate occupiers of commercial property.

Office Supply Forecasts

London sub-markets 1993-1996



The supply of Grade A accommodation will fall further over the next two years.

Property Development

Although the supply of Grade A accommodation in core locations is diminishing rapidly, there has been a virtual cessation in speculative development since the early 1990s. The prospect of rental growth, combined with the shortage of prime investment product and rising yields on secondary property, is causing institutions to assess whether to return to forward funding of speculative development.

The conditions are now in place for a re-emergence of speculative development in prime locations, albeit on a selective basis. Such activity is primarily being led by institutional funding as opposed to bank finance. Our business is well placed to benefit from these new conditions.

We anticipate that the number of development completions will rise in the medium term. However, the key considerations of location, specification and timing will remain of critical importance in determining whether schemes are successful.

Professional & Consultancy Services

The structure of our Rating practice has resulted in its income reaching a plateau. Present levels of income should now be maintained in the current year before the cycle returns to growth with the 1995 Rating Revaluation.

Growth in other core professional services has counteracted the fall in Rating income, but these are all areas where competition is intense and where some buyers of services go for the cheapest available at the expense of quality.

Our Consultancy departments have been very active with receivership and expert witness work, including our consultancy to the Administrators of Canary Wharf which generated an exceptional income.

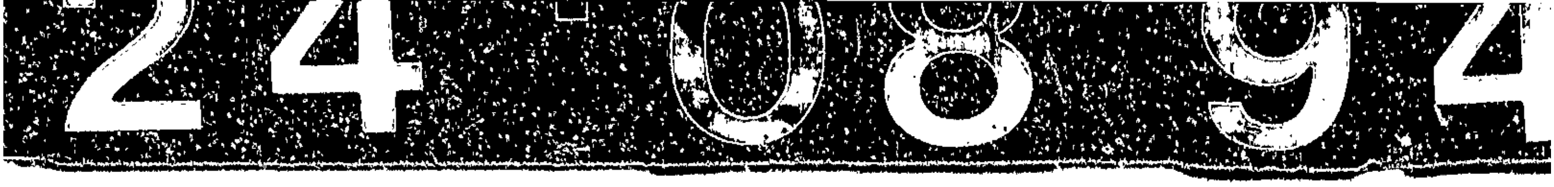
Banking and Financial Services

The Debt Financing Department, which previously came under Savills Commercial, has been absorbed into the recently established Savills Finance, and will now report under that heading. Nevertheless, there are considerable opportunities for added value to be generated by the Debt Financing Department working very closely with other areas of our Commercial business.

Summary

During a period when substantial parts of the commercial property market still suffered from an overhang of surplus office and industrial space from the late 1980s, it was a remarkably good year for Savills Commercial. Our staff, who have put in such good work to achieve these excellent results, are to be thanked and congratulated.

Looking ahead to the current year, there can be little doubt that our market will remain highly competitive with little inherent expansion. Accordingly we will continue to rely on the quality and motivation of our staff and on the innovation of our approach to secure market share and continuing success. The commercial property market recovery will be slow, but we remain confident of our ability to generate fees in this environment.

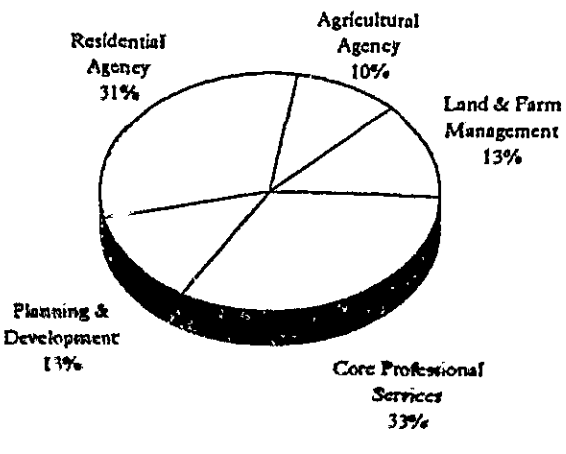


Agricultural & Residential

Our performance for the year to 30 April 1994 has been outstanding, with turnover up by 23% on the previous year to £17.9m (1993 - £14.5m), and operating profit increased to £1.19m (1993 - £458,000). The breadth of the recovery within our markets is shown by the fact that, out of the 28 offices or large departments within Savills Agricultural & Residential, 26 recorded a significant profit.

Our core professional and management services yet again increased their total revenues for the year. The chart below shows how the income was split between our five disciplines. In the year under report, despite a substantial increase in agency revenues, management and professional have achieved commensurate growth, once again accounting for 52% of turnover. Staff numbers have increased slightly during the year, with the recruitment of senior professionals and fee earners into the business.

Savills Agricultural & Residential
Fee Income 1993/4



Our core professional and management services yet again increased their total revenues for the year

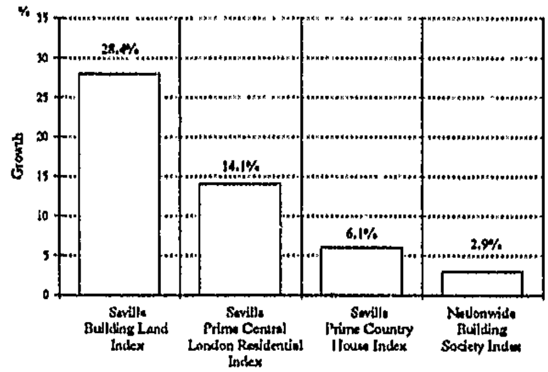
We continue to expand our graduate recruitment programme, and have initiated a substantial training programme to enable us to achieve the standards of excellence for which we strive. A number of departments and offices are applying for BS5750 certification and we continue to develop our management disciplines throughout.

Land and Farm Management

It was an important year for this area of our business for a number of reasons. We have seen our farm consultancy team take on a new identity under the name of Savills Farming. Our recent acquisition of Aubourn Farming Limited, a Lincolnshire based company providing farm management, consultancy and agronomy services, increases our representation in the strong arable areas of the Eastern Counties. The outlook for farm profitability in 1994/5 remains good and, whilst uncertainties remain for 1996 onwards, we believe that our substantial farming client base will continue to prosper in these conditions

Residential Property Market Growth

May 1993-April 1994



Building land prices have shown very strong growth over the past year. Central London property prices have achieved a greater performance than any other sector of the residential market.

Another major change has occurred in the Estate Management business where, after six years of little increase in farm rents, we are now seeing upward movement and our land owner clients welcome this potential to increase rents. In addition, we continue to monitor and promote non agricultural activities, including development opportunities, increased residential income and the exploration of leisure based ventures. Land under management and consultancy exceeds one million acres and we continue to widen the scope of our services to our management clients.

Core Professional Services

Our business providing advice to statutory and corporate clients on a wide range of issues continues to expand. We have won contracts for fibre optic cabling work on behalf of such clients as National Grid and Southern Electric and have carried out disposal work for the TA and British Telecom, valuations and sales for the MOD, and planning and disposal work on behalf of Local Authorities.

Two sections of our core professional service involve social housing and leasehold reform. We have been one of the lead advisers to financial institutions providing capital to Housing Associations acquiring housing stock from Local Authorities. The introduction of leasehold reform has created considerable opportunities for our Residential Valuation team and we continue to provide general litigation and expert witness work for a variety of clients.

During the year we responded to the increasing concern of many of our clients, both corporate and private, about environmental issues and possible pollution by forming an association with M.J. Carter Associates, a leading firm of environmental consultants in the UK.

Planning and Development

This year has seen a dramatic growth in both activity and values in the development land market. A number of quoted housebuilders have raised new equity finance, actively adding to their land portfolios, and land values have risen by some 30% in better locations. We have worked on a number of high profile development schemes including new village concepts, large mixed developments and the strategic identification, promotion and realisation of development land assets.

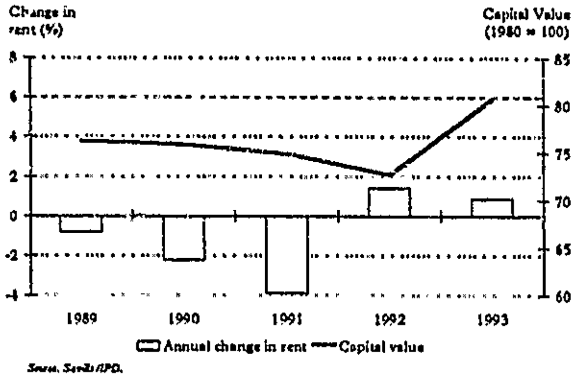
This development activity has been matched by increasing use of our planning expertise through our departments in Cambridge, Bath and Edinburgh. In Scotland particularly we have been involved in the planning stages of a number of very substantial new development schemes, which is a new area of business for us in that region.

We continue to increase our involvement in commercial property in the provincial market, providing professional advice to our local clients.

Value of Let Land & Annual Change in Rent

Tenanted Farmland Owned by Financial Institutions

1989 - 1993



The value of tenanted agricultural land rose by 11.1% in 1993, primarily as a result of strong demand from sitting tenants. Rents increased by 0.9% and the total return to land owning financial institutions was 16.3%.

Residential Agency

All our Residential Departments have benefited from a full year's trading with more favourable conditions than we have seen for a long time. For the year to 30 April 1994 we sold a total of 962 properties, an increase of 11% on the previous year.

For the year to April 1994, Savills Residential Research Department recorded a 14.1% increase in its prime Central London residential index and a 6.1% increase in the Savills prime country house index. The London market showed the greater activity, not least because of the significant number of foreign purchasers in the market who represented at least 40% of Savills' purchasing profile. The country house market has been slower to grow but both markets have substantially outperformed the national average growth in values.

Supply of good quality properties for sale has been the problem in both the London and country house markets, with vendors holding back to see the benefit of the expected recovery in prices. Our Research Department forecast, before Christmas, a 25% increase in prime Central London property values for the calendar year 1994, and our research after the first three months shows that this prediction is on track.

During the year we mounted a series of property exhibitions in South East Asia, where we continue to build our international contacts.

We ended the year with a good stock of quality properties and look with continuing confidence to 1994/5 as values continue to recover from the previous low base.

Agricultural Agency

On the back of the devaluation of the green pound in September 1992, the 1993 trading season proved to be a lively one. The value of bare land with vacant possession increased by up to 20% during the year. The Savills/Investment Property Databank analysis of institutional tenanted land recorded a total return for the year to December 1993 of over 16%, the highest since 1979.

We exceeded the number of farms and estates sold in the previous year by number, volume and value. Properties sold rose to 192 for the year, an increase of 35%, and the total value amounted to £102m, an increase of 39%.

The season was noteworthy for the lack of acres offered on the market. This relative scarcity, coupled with increased demand from British farmers and the re-appearance of some development land purchasers, meant that farms sold at a faster pace than in previous years. For most farmers the harvest in 1993 was profitable, assisted by lower interest rates.

The sporting estate market in Scotland showed signs of recovery with some important sales during the season. Values of stalking, grouse shooting and fishing increased significantly during the year.

Summary

The general shortage of supply of quality houses and estates continues and there remains unsatisfied demand which is contributing to strengthening prices. With increasing opportunities for professional and management work we are optimistic about the year ahead.

Finance

Savills Finance was formed on 1 August 1993 and it is very pleasing to report that it produced a total profit before interest and taxation of £221,000 for its first nine months trading, of which the financial services business contributed £144,000 and our associated company contributed £77,000.

Financial Services

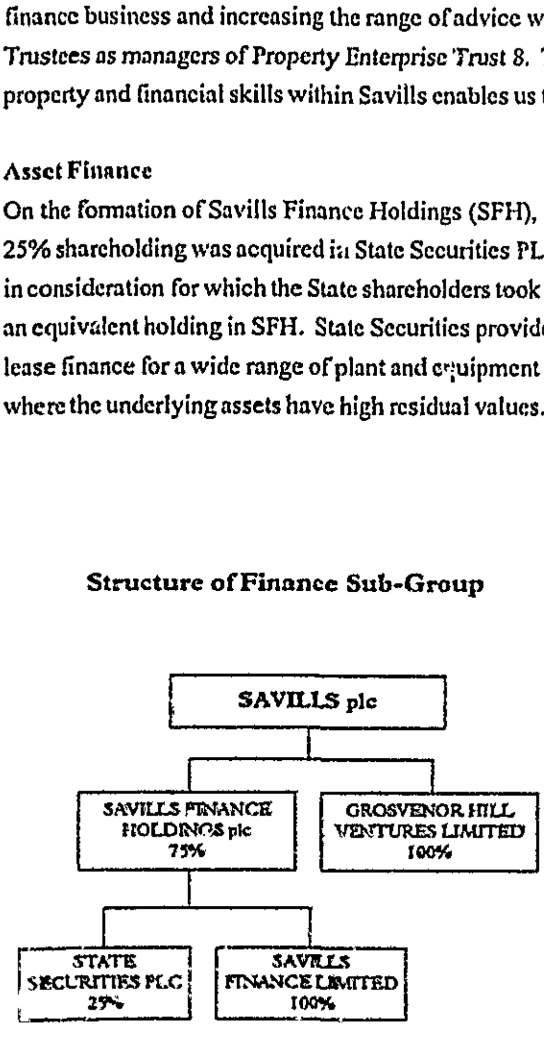
The market for financial services continues to be highly competitive and the continuing success of Savills Finance is due to its ability to provide the highest level of service in specialist markets. Over the year the Savills Finance team raised just over £200m of property secured debt at an average loan size of £12m per transaction. The Company has established a reputation in the market as an innovative and highly professional adviser with strong relationships with both banks and borrowers.

At the same time as continuing to expand our debt financing services, we are developing new sources of corporate finance business and increasing the range of advice we can offer. During the year we were appointed by Midland Bank Trustees as managers of Property Enterprise Trust 8. This is an area where we believe that the combination of the property and financial skills within Savills enables us to offer a service to clients which is second to none.

Asset Finance

On the formation of Savills Finance Holdings (SFH), a 25% shareholding was acquired in State Securities PLC in consideration for which the State shareholders took an equivalent holding in SFH. State Securities provides lease finance for a wide range of plant and equipment where the underlying assets have high residual values.

Structure of Finance Sub-Group



The business has benefited from the additional capital which has been injected by Savills and our corporate finance expertise. State has had another successful year's trading and profits for the nine months to 30 April 1994 were £306,000, 93% up on the equivalent period last year.

Through our wholly owned property funding subsidiary, Grosvenor Hill Ventures Limited, we successfully undertook our first deal to provide project funding and are actively seeking further opportunities.

Future Developments

The concept behind the Finance sub-group is to develop a series of specialist financing businesses where we see opportunities for high margins and good returns on capital employed. We are looking to expand into areas where we can add value, through the corporate finance skills within Savills Finance and the property expertise within the rest of the Savills Group. In particular, we believe that by providing direct finance or taking equity interests in certain types of property transactions, we can generate above average returns on our capital and at the same time enhance the fee earning potential of the Savills Group.

DIRECTORS AND ADVISERS

DIRECTORS

George Inge*●◆ (Chairman)
Robert Dean* (Deputy Chairman)
Aubrey Adams*◆ (Managing Director)
Jeremy Aitchison - resigned 20 August 1993
John Barkshire*■●◆ (Non-Executive Director)
James Dean*
Guy Galbraith*
Sir Derek Hornby*■●◆ (Non-Executive Director)
Richard Jewson *■●◆ (Non-Executive Director) - appointed 1 May 1994
Paul Kentish
Antony Lumby
James Marland* (Managing Director, Savills Commercial Limited)
Victoria Mitchell*
Justin Roberts - appointed 9 September 1993
Charles Sanderson
Ian Stewart
Geoffrey van Cutsem* (Managing Director, Savills Agricultural & Residential Limited)
Peter Wilson

* Executive Committee of the Board
■ Audit Committee of the Board
● Remuneration Committee of the Board
◆ Appointments Committee of the Board

John Barkshire, CBE, TD, JP, DL *(Non-Executive Director)*, aged 58, was appointed to the Board on 1 January 1988 and is currently a Non-Executive Director of Sun Life Corporation, Household Mortgage Corporation, TR Property Investment Trust and a number of private companies. He is also Chairman of the Committee on the Market in Single Properties.

Sir Derek Hornby *(Non-Executive Director)*, aged 64, was appointed to the Board on 1 January 1988 and was Chairman of Rank Xerox (UK) until the end of January 1990. He is Chairman of the British Overseas Trade Board, Chairman of the British Institute of Management and is a Non-Executive Director of Dixons plc and London & Edinburgh Insurance Group.

Richard Jewson *(Non-Executive Director)*, aged 49, was appointed to the Board on 1 May 1994, and is currently a Non-Executive Director of Anglian Water Plc, Delian Lloyds Investment Trust PLC, Eastern Counties Newspapers Group Limited and Queens Moat Houses PLC.

REGISTERED OFFICE

20 Grosvenor Hill, Berkeley Square, London W1X 0HQ

Registrars:	Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DA

ADVISERS

Auditors:	KPMG Peat Marwick, 1 Puddle Dock, Blackfriars, London EC4V 3PD
Solicitors:	Ashurst Morris Crisp, Broadwalk House, 5 Appold Street, London EC2A 2HA
Financial Advisers:	Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB
Stockbrokers:	Hoare Govett Corporate Finance Limited, 4 Broadgate, London EC2M 7LE
Principal Bankers	Barclays Bank PLC, 54 Lombard Street, London EC3V 9EX

REPORT OF THE DIRECTORS

Principal activity

Savills plc is a holding company. Its principal subsidiaries' activities are advising on matters affecting commercial, agricultural and residential property, and providing corporate finance advice and property funding.

Dividends

The profit attributable to shareholders is £2.23m (1993 - £801,000). An interim dividend of 0.75p (net) per share, amounting to £255,000 was paid. It is recommended that a final dividend of 1.5p (net) per share, amounting to £543,000 (1993 - £358,000), should be paid, leaving a retained profit for the year of £1.43m (1993 - £443,000).

Principal developments

Development of the businesses is detailed in the Operating Review on pages 6 to 12.

Directors

The Directors, who held office during the year, are shown on page 13. In accordance with the Company's Articles of Association, Justin Roberts and Richard Jewson, who have been appointed since the last Annual General Meeting, will retire at this year's Annual General Meeting, and being eligible offer themselves for re-election. The Director retiring by rotation at this year's Annual General Meeting is Sir Derek Hornby who, being eligible, offers himself for re-election. These Directors do not have service contracts with the Company. Interests in the issued share capital of the Company held by current members of the Board of Directors or their families, at the beginning and end of the year under review, are set out in Note 5(d) to the Accounts on page 25.

Substantial shareholdings

The only notice received from shareholders (other than Directors) who have a notifiable interest in the issued share capital of the company is as follows:

The Fleming Mercantile Investment Trust plc: 3,050,000 shares (8.38%).

Special business at the Annual General Meeting

Resolution 7 - It is proposed to renew the Directors' authority to issue securities up to an aggregate nominal amount of £602,731, representing 12,054,620 shares being 33% of the current issued share capital of the Company. This authority will expire five years from the date of the passing of the resolution. The Directors are considering a num [illegible] itions which may involve the issue of shares under this authority.

Resolution 8 - It is proposed to renew the disapplication of the statutory pre-emption rights of shareholders inter alia to permit the Board to make a rights issue to existing shareholders without the need to comply with the technical requirements of the statutory provisions which create problems in particular with regard to overseas shareholders, and to renew the Directors' power to make small issues for cash to persons other than existing shareholders up to a maximum nominal amount of £90,410, representing 1,808,200 shares being 5% of the current issued share capital of the Company. This authority will expire no later than 15 months after the passing of the resolution.

Fixed assets

Movements in tangible fixed assets are set out in Note 11 to the Accounts on pages 27 and 28. In the opinion of the Directors, the market value of the Group's freehold properties is not significantly different from book value.

Charitable donations & political contributions

The amount paid out of our Charities Aid Foundation account was £18,000 (1993 - £16,000). In addition, the charge to the profit and loss account in respect of donations was £25,000 (1993 - nil). There were no political contributions

Report of the Directors

Employees

The Directors recognise that the quality, commitment and motivation of Savills' staff is a key element in the success of the Group. Employees are able to share in this success through bonus schemes and share options. The Group keeps its employees informed of all matters affecting their interests through normal management channels, and continues to promote employee involvement and communications through training within the operating subsidiary companies.

It is the policy of the Group to provide employment to disabled people whenever the demands of the Group's operations and the abilities of the individuals allow. Applications for employment from disabled people are considered carefully, and where existing employees become disabled every effort is made to find or create suitable positions for them.

Close company provisions

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Corporate governance

The Directors have reviewed the Company's compliance with the Cadbury Committee's Code of Best Practice currently in force. This review has highlighted the following areas of non-compliance during all or part of the period since 1 July 1993, including matters requiring formalisation in order that the Company may fully comply with the Code. Where appropriate, each matter is currently being addressed by the Board:

- until the appointment of Richard Jewson on 1 May 1994, the Company had only two Non-Executive Directors (paragraph 1.3 of the Code). Mr Jewson is a member of the Audit, Remuneration and Appointments Committees whose memberships now comply with the Code's recommendations (paragraph 4.3 and note 7 to the Code);

- review and formalisation of the terms of reference of the Board Committees (paragraph 4.3 and note 7); and

- formalisation of a schedule of those matters which are already effectively reserved for the Board, including the removal of the Company Secretary (paragraphs 1.4 and 1.6) and the procedures whereby Directors can take independent professional advice (paragraph 1.5).

Subject to the foregoing, and in respect of the provisions of the Code regarding reports by the Directors on the Company's internal controls and that the business is a going concern for which the necessary guidance is not yet available, the Company has complied with the Code's recommendations throughout the period.

The Company's auditors, KPMG Peat Marwick, have confirmed to the Directors that they are satisfied that this statement appropriately reflects the Company's compliance with the Code of Best Practice, in so far as it relates to the paragraphs of the Code which the London Stock Exchange has specified for their review.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Registered office:
20 Grosvenor Hill
Berkeley Square
London W1X 0HQ

By order of the Board

C J Bloomfield
12 July 1994

CONSOLIDATED PROFIT AND LOSS ACCOUNT

year ended 30 April 1994

	Notes	1994 £'000	1993 £'000
Turnover	2	31,877	25,262
Operating profit	2 & 3	2,827	1,277
Income from interests in associated undertakings		77	-
Net interest	7	333	162
Profit on ordinary activities before taxation	2	3,237	1,439
Taxation on profit on ordinary activities	8	(970)	(638)
Profit on ordinary activities after taxation		2,267	801
Minority interest		(39)	-
Profit for the financial year		2,228	801
Dividends paid and proposed	9	(798)	(358)
Profit for the year transferred to reserves		1,430	443
Earnings per share	10	6.2p	2.2p

Turnover and operating profit relate entirely to continuing activities.

The movement on reserves is set out , Note 19 to the Accounts.

The Notes on pages 20 to 33 form part of the Accounts.

BALANCE SHEET
at 30 April 1994

	Notes	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Fixed assets					
Tangible assets	11	4,327	4,260	731	723
Investments	12	925	677	8,665	10,343
		5,252	4,937	9,396	11,066
Current assets					
Work in progress		1,865	1,907	-	-
Debtors	13	7,285	7,043	1,300	1,105
Cash at bank & in hand		10,051	5,017	2,409	1,251
		19,201	13,967	3,709	2,356
Creditors - amounts falling due within one year	15	10,652	6,788	1,093	1,098
Net current assets		8,549	7,179	2,616	1,258
Total assets less current liabilities		13,801	12,116	12,012	12,324
Creditors - amounts falling due after more than one year	16	9	132	9	132
Provisions - for liabilities & charges	17	687	797	-	-
Net assets		13,105	11,187	12,003	12,192
Capital & reserves					
Called up share capital	18	1,808	1,792	1,808	1,792
Share premium account	19	7,945	7,857	7,945	7,857
Revaluation reserve	19	28	243	28	243
Profit & loss account	19	2,994	1,295	2,222	2,300
Shareholders' funds		12,775	11,187	12,003	12,192
Minority interests		330	-	-	-
		13,105	11,187	12,003	12,192

Approved by the Board of Directors on 12 July 1994 and signed on its behalf by

G. P. F. INGE G. P. F. Inge

A. J. ADAMS A J Adams

The Notes on pages 20 to 33 form part of the Accounts.

GROUP STATEMENT OF CASH FLOW
year ended 30 April 1994

	Notes	1994 £'000	1994 £'000	1993 £'000	1993 £'000
Net cash inflow from operating activities	23		7,191		3,898
Returns on investments and servicing of finance:					
Interest received		305		255	
Interest element of finance leases		(63)		(94)	
Dividends paid		(613)		-	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(371)		161
Taxation:					
Net UK corporation tax received		161		35	
ACT paid		(178)		-	
Tax paid			(17)		35
Investing activities:					
Purchase of tangible fixed assets		(1,756)		(727)	
Loan to associated undertaking		(450)		-	
Purchase of fixed asset investment		(4)		(6)	
Sale of fixed assets		187		150	
Sale of fixed asset investment		611		-	
Net cash outflow from investing activities			(1,412)		(583)
Net cash inflow before financing			5,391		3,511
Financing:					
Issue of shares	24	104		22	
Capital element of finance leases	24	(461)		(461)	
Net cash outflow from financing			(357)		(439)
Increase in cash and cash equivalents	25		5,034		3,072

The Notes on pages 20 to 33 form part of the Accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
year ended 30 April 1994

	1994 £'000	1993 £'000
Profit for the financial year	2,228	801
Revaluation of life assurance policies	54	127
Total recognised gains for the financial year	2,282	928

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
year ended 30 April 1994

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Profit for the financial year	2,228	801	451	33
Dividends	(798)	(358)	(798)	(358)
	1,430	443	(347)	(325)
New share capital subscribed	104	22	104	22
Other recognised gains or losses	54	127	54	127
Net increase/(decrease) in shareholders' funds	1,588	592	(189)	(176)
Shareholders' funds at 1 May	11,187	10,595	12,192	12,368
Shareholders' funds at 30 April	12,775	11,187	12,003	12,192

The Notes on pages 20 to 33 form part of the Accounts.

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NOTES TO THE ACCOUNTS

year ended 30 April 1994

1. Principal accounting policies

Basis of accounting - The Accounts on pages 16 to 33 have been prepared under the historical cost convention as modified by the revaluation of investments in life assurance policies, as permitted by the alternative accounting rules set out in the fourth schedule to the Companies Act 1985 and in accordance with applicable accounting standards.

Turnover - Turnover represents commissions and fees excluding VAT, together with movements in work in progress.

Fixed assets - Fixed assets are valued at historical cost less provision for depreciation and any permanent diminution in value.

Depreciation - Provision for depreciation is made at rates calculated to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives as follows:

	Years
Leasehold land and buildings	over unexpired term of lease
Furniture and office equipment	6
Motor vehicles	5
Computer equipment and software	between 3 & 5

It is the Group's policy to maintain all its freehold properties to a high standard. Because of this, such properties maintain residual disposal values at least equal to their book values and accordingly no provision for depreciation is made. Any permanent diminution in value is charged against the profit and loss account.

Work in progress - No value is attributed to agency work in progress until contracts on the underlying transactions have been exchanged. Work in progress is stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads. Long term work in progress is assessed on a contract by contract basis; turnover and related costs are included in the profit and loss account as contract activity progresses. Where the outcome of a long term contract can be assessed with reasonable certainty, attributable profit is recognised. Long term contracts are stated at cost net of amounts transferred to cost of sales and foreseeable losses, less applicable payments on account

Deferred taxation - Deferred taxation is provided using the liability method in respect of timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future

1. Principal accounting policies (continued)

Consolidation - The consolidated accounts deal with the results of Savills plc and its subsidiary and associated undertakings. The results of subsidiary undertakings acquired or disposed of during the year are included from, or up to, the date control passes. Intra-group sales and profits are eliminated on consolidation. The Group's share of the results of associated undertakings is included in the consolidated profit and loss account, and the Group's share of their net assets is included in the consolidated balance sheet. These amounts are taken from the most recent audited accounts of the undertakings concerned.

Goodwill - Goodwill, representing the excess of the purchase price of businesses and shares in Group or associated undertakings over the fair value of separable net assets acquired, is eliminated against reserves in the year of acquisition.

Accounting for leases - Assets financed by leasing agreements which give rights approximating to ownership (finance leases) have been capitalised at amounts equal to the original cost of the assets to the lessors and depreciation has been provided on the basis of the Group depreciation policy. The capital elements of future obligations under finance leases are included as liabilities in the balance sheet and the current year's interest elements are charged to the profit and loss account. The annual payments under all other lease agreements, known as operating leases, are charged to the profit and loss account on an accruals basis.

New office expenditure - Expenditure incurred on the opening of new offices is written off to the profit and loss account on the opening of those offices.

Pension costs - Retirement benefits for employees are provided by a scheme which is funded by contributions from the Group and its employees. The contributions are determined by an independent qualified actuary, and are charged to the profit and loss account in order to spread the cost of pensions over the service lives of employees in the scheme.

Revaluation reserve - Endowment life policies, included in fixed asset investments, are revalued to include cost plus declared bonuses.

Foreign currency translation - The trading results and net assets of overseas Group and associated undertakings are translated into sterling at the rate of exchange ruling at the balance sheet date. The effect of currency movements on overseas assets and liabilities is taken to reserves.

2. Segmental Analysis	Commercial	Agricultural & Residential	Finance/ Other	Holding Company	Group
1994	£'000	£'000	£'000	£'000	£'000
Turnover (all UK origin)	13,442	17,879	556	-	31,877
Operating profit	1,492	1,191	144	-	2,827
Share of associated undertaking	-	-	77	-	77
Profit before interest and taxation	1,492	1,191	221	-	2,904
Net interest	177	68	27	61	333
Profit before taxation	1,669	1,259	248	61	3,237
Net assets	4,115	4,466	1,045	3,479	13,105
1993 - Restated					
Turnover (all UK origin)	10,713	14,549	-	-	25,262
Operating profit	819	458	-	-	1,277
Profit before interest and taxation	819	458	-	-	1,277
Net interest	133	21	-	8	162
Profit before taxation	952	479	-	8	1,439
Net assets	3,972	4,645	-	2,570	11,187

During the year the Debt Financing Department was transferred from Commercial to Finance. The 1993 segmental analysis has not been adjusted to reflect this new structure, although it has been restated to disclose separately items relating to the Holding Company

Turnover by destination is not materially different from turnover by origin.

3. Operating profit	1994 £'000	1993 £'000
Turnover	31,877	25,262
Staff costs (Note 5)	(18,570)	(14,500)
Depreciation and other amounts written off tangible fixed assets	(1,540)	(1,754)
Other operating charges	(8,940)	(7,731)
Operating profit	2,827	1,277

Turnover is stated after charging a reduction in work in progress of £42,000 (1993 - £328,000). The 1993 depreciation charge includes £133,000 in respect of the write down of fixed assets as a result of a revision of their estimated useful life.

3. Operating profit (continued)

Operating profit is stated after charging/(crediting):	1994 £'000	1993 £'000
(Profit)/loss on sale of fixed assets	(38)	93
Auditors' remuneration:		
Audit work	58	50
Non-audit work	68	58
Operating lease rentals:		
Property	2,850	2,831
Other	107	102
Rental income	(785)	(798)

4. Profit & loss account of Savills plc

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these Accounts. The profit after taxation for the year of the Company was £451,000 (1993 - £33,000)

5. Staff costs

(a) Analysis of staff costs	1994 £'000	1993 £'000
Basic salaries and wages	11,700	11,232
Incentive bonuses & commissions	4,774	1,503
	16,474	12,735
Social security costs	1,587	1,187
Other pension costs	509	578
	18,570	14,500

(b) The average number of employees during the year was 531 (1993 - 530).

(c) Directors' emoluments	1994 £'000	1993 £'000
The aggregate emoluments in connection with the management of the Group affairs (including pension contributions) of the Directors were:		
Executive Directors - Remuneration excluding bonuses	1,142	1,190
- Bonuses	1,583	505
- Pension contributions	19	21
Fees to Non-Executive Directors	24	20
	2,768	1,736

(c) Directors' emoluments (continued)

Directors' emoluments are fixed by the Remuneration Committee. Bonuses are based on the similar schemes operated by the two main subsidiaries, which are reviewed by the Remuneration Committee. These schemes assess individual performance by reference to fee earning achievements, profitability of the individual's area of responsibility, contribution to business development and managerial responsibilities.

The emoluments of the Chairman and highest paid Director were as follows:

		1994 £'000	1993 £'000
Chairman	Remuneration excluding bonuses	111	109
	Bonuses	125	25
	Pension contributions	-	-
		236	134
Highest paid Director	Remuneration excluding bonuses	95	92
	Bonuses	303	91
	Pension contributions	-	-
		398	183

Directors' emoluments (excluding pension contributions), including those of the Chairman and the highest paid Director, were within these ranges:

	1994	1993
£ 5,001 - £ 10,000	-	2
£ 10,001 - £ 15,000	2	-
£ 20,001 - £ 25,000	1	-
£ 40,001 - £ 45,000	-	1
£ 45,001 - £ 50,000	1	-
£ 60,001 - £ 65,000	-	1
£ 65,001 - £ 70,000	-	1
£ 70,001 - £ 75,000	-	2
£ 80,001 - £ 85,000	2	-
£ 90,001 - £ 95,000	1	-
£ 95,001 - £100,000	-	1
£ 100,001 - £105,000	-	1
£ 105,001 - £110,000	1	-
£ 110,001 - £115,000	-	2
£ 130,001 - £135,000	-	2
£ 155,001 - £160,000	-	1
£ 165,001 - £170,000	1	1
£ 175,001 - £180,000	-	1
£ 180,001 - £185,000	1	1
£ 185,001 - £190,000	1	-
£ 235,001 - £240,000	1	-
£ 245,001 - £250,000	1	-
£ 265,001 - £270,000	1	-
£ 295,001 - £300,000	1	-
£ 305,001 - £310,000	1	-
£ 395,001 - £400,000	1	-

Staff costs and Directors' emoluments for 1993 have been restated to include as salary amounts paid to employees in respect of their pensions.

(d) Directors' interests

Interests in the share capital of the Company beneficially held by current members of the Board of Directors or their families are detailed below:

Ordinary Shares	At 30 April 1994	At 1 May 1993 or appointment date if later
George Inge	1,050,000	1,500,000
Robert Dean	756,706	1,506,706
Aubrey Adams	10,000	10,000
John Barkshire	15,000	15,000
James Dean	503,824	903,824
Guy Galbraith	837,000	867,000
Sir Derek Hornby	10,000	10,000
Paul Kentish	124,059	137,059
Antony Lumby	895,059	925,059
James Marland	363,176	513,176
Victoria Mitchell	624,647	974,647
Justin Roberts	100,000	-
Charles Sanderson	50,000	1,000,000
Ian Stewart	254,118	254,118
Geoffrey van Cutsem	1,270,000	1,420,000
Peter Wilson	600,000	1,097,059

Executive Share Options	At 30 April 1994	Granted during year
Aubrey Adams	66,670	-
Paul Kentish	134,529	-
Ian Stewart	33,340	-

ESOP Share Options	At 30 April 1994	Granted during year
Aubrey Adams	80,000	80,000
Paul Kentish	40,000	40,000
James Marland	80,000	80,000

No Director exercised any options under the Executive Share Option Scheme or the Employee Benefit Trust (the ESOP) during the year.

The only non-beneficial interest in the share capital of the Company held by members of the Board of Directors or their families was 250,000 (1993 - 250,000) ordinary shares held by Guy Galbraith.

At 30 April 1994 all the Executive Directors were deemed to have an interest (for the purposes of the Companies Act 1985) in 933,176 shares held by the Trustee of The Savills plc 1992 Employee Benefit Trust (the ESOP).

None of the Directors has had material interests, direct or indirect, in any contract of significance entered into by the Group.

Since 30 April 1994 there have been no changes in the interests detailed above.

6. Pension scheme

The Group operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Group, being invested in Managed Fund units. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by an independent qualified actuary on the basis of triennial valuations.

The most recent actuarial valuation, using the projected unit method, was as at 6 April 1992. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9.5% per annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rate of 3% per annum. The valuation showed that the market value of the scheme's assets was £5,923,000 and that the actuarial value of those assets represented 111% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The charge in respect of the pension scheme for the year was £509,000 (1993 - £546,000).

The Group contribution rate and employee contribution rate remain at 8% and 5% of pensionable salaries respectively.

7. Net interest	1994 £'000	1993 £'000
Interest receivable from associated undertaking	21	-
Finance charges in respect of finance leases	(21)	(93)
Other interest receivable and similar income	333	255
	333	162

8. Taxation	1994 £'000	1993 £'000
UK corporation tax based on the profit for the year at 33% (1993 - 33%)	986	643
Over provision in respect of prior years	(47)	(101)
Deferred taxation	13	96
Share of associated undertaking	18	-
	970	638

The tax charge reflects the incidence of permanently disallowable provisions and the non recognition of deferred tax assets on accelerated capital allowances.

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9. Dividends	1994 £'000	1993 £'000
Ordinary interim dividend paid	255	-
Ordinary proposed final dividend of 1.5p net per share (1993 - 1.0p net per share)	543	358
	798	358

Under the terms of The Savills plc 1992 Employee Benefit Trust, the Trustee has waived all but 0.01p of any dividend on each share held by the Trust.

10. Earnings per share

The calculation of earnings per share is based on the profit on ordinary activities after taxation of £2,228,000 (1993 - £801,000) and on the weighted average number of shares in issue of 35,988,000 (1993 - 35,765,000).

11. Tangible assets Group	Freehold property £'000	Short leasehold property £'000	Equipment & motor vehicles Owned £'000	Leased £'000	Total £'000
Cost					
At 1 May 1993	698	2,040	6,575	1,796	11,109
Additions	36	75	1,645	-	1,756
Transfers	-	-	30	(30)	-
Disposals	-	-	(739)	(25)	(764)
At 30 April 1994	734	2,115	7,511	1,741	12,101
Depreciation					
At 1 May 1993	-	898	4,682	1,269	6,849
Charge for the year	-	103	1,121	316	1,540
Transfers	-	-	11	(11)	-
Disposals	-	-	(601)	(14)	(615)
At 30 April 1994	-	1,001	5,213	1,560	7,774
Net Book Value					
At 30 April 1994	734	1,114	2,298	181	4,327
At 30 April 1993	698	1,142	1,893	527	4,260

11. Tangible assets (continued)

Company	Freehold property £'000	Equipment & motor vehicles Owned £'000	Total £'000
Cost			
At 1 May 1993	698	82	780
Additions	-	33	33
Disposals	-	(59)	(59)
At 30 April 1994	698	56	754
Depreciation			
At 1 May 1993	-	57	57
Charge for the year	-	16	16
Disposals	-	(50)	(50)
At 30 April 1994	-	23	23
Net Book Value			
At 30 April 1994	698	33	731
At 30 April 1993	698	25	723

12. Investments

Group	Associated under-takings £'000	Life assurance policies £'000	Shares in Group under-takings £'000	Loans to Group under-takings £'000	Total £'000
Cost & valuation					
At 1 May 1993	-	677	-	-	677
Acquisitions/additions	292	4	-	-	296
Retained profit in associated undertakings	59	-	-	-	59
Revaluation surplus	-	54	-	-	54
Proceeds received from mature policies	-	(611)	-	-	(611)
Loan to associated undertaking	450	-	-	-	450
At 30 April 1994	801	124	-	-	925

Company	Associated under-takings £'000	Life assurance policies £'000	Shares in Group under-takings £'000	Loans to Group under-takings £'000	Total £'000
Cost & valuation					
At 1 May 1993	-	677	4,075	5,591	10,343
Additions	-	4	875	-	879
Revaluation surplus	-	54	-	-	54
Proceeds received from mature policies	-	(611)	-	-	(611)
Repayment of loans by Group undertakings	-	-	-	(2,000)	(2,000)
At 30 April 1994	-	124	4,950	3,591	8,665

12. Investments (continued)

The historical cost of the life assurance policies is £96,000 (1993 - £404,000).

Savills holds 10% (1993 - 37%) of the ordinary share capital of Roeval & Savills SA which is incorporated and operates in France. Its principal activity relates to acting as agents for the purchase, sale and letting of commercial property. The cost of this investment is provided for in full.

Savills holds 30% of the ordinary share capital of Ray Gasson & Associates Limited which is registered in England and Wales and operates in the United Kingdom. Its principal activity relates to farm management. This shareholding is treated as a trade investment. The adoption of the equity accounting treatment would not have a material effect on the Group's results.

Subsidiary undertakings

The principal wholly owned subsidiary undertakings of the Company and their principal activities are:

Savills Commercial Ltd	Commercial surveyors.
Savills Agricultural & Residential Ltd	Agricultural and residential surveyors.
Savills Financial Services Ltd	Provision of financial services.
Property Advertising & Marketing Company Ltd	Provision of advertising and marketing services.
Grosvenor Hill Ventures Ltd	Provision of property funding.

In addition, the Company owns all the "A" ordinary shares of Savills Finance Holdings plc (SFH), representing 75% of the voting rights. This company is a holding company, which wholly owns Savills Finance Ltd, a company providing corporate finance advisory services. SFH also owns all the "A" ordinary shares of State Securities PLC, a company providing lease financing, representing 25% of the voting rights. Grosvenor Hill Ventures Ltd and the 75% interest in SFH were both acquired by the Company immediately following their incorporations during the year.

All the above companies are registered in England and Wales and operate in the United Kingdom and are consolidated into the Group Accounts. Their share capitals are wholly comprised of ordinary shares.

	Group		Company	
	1994	1993	1994	1993
13. Debtors	£'000	£'000	£'000	£'000
Clients	5,119	5,311	-	-
Other debtors	898	468	497	152
Prepayments & accrued income	828	752	65	2
Amounts owed by subsidiary undertakings	-	-	312	644
Corporation tax recoverable	112	203	112	203
Deferred tax	192	205	-	-
Advance corporation tax	136	104	314	104
	7,285	7,043	1,300	1,105

Included in the above are amounts recoverable after more than one year amounting to £273,000 (1993 - £309,000) in respect of the Group, and £314,000 (1993 - £236,000) in respect of the Company.

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14. Deferred taxation asset - Group	Provided 1994 £'000	Provided 1993 £'000	Unprovided 1994 £'000	Unprovided 1993 £'000
Provisions for sublet office space	153	205	-	-
Accelerated capital allowances	-	-	325	299
Other timing differences	39	-	58	-
	192	205	383	299

The movements in the year in the deferred tax asset were as follows:	Sublet office space £'000	Other timing differences £'000	Total £'000
At 1 May 1993	205	-	205
Utilised during the year	(86)	-	(86)
Provided during the year	34	39	73
At 30 April 1994	153	39	192

15. Creditors - amounts falling due within one year	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Trade creditors	1,284	1,041	-	12
Corporation tax	1,398	568	-	-
Advance corporation tax	136	104	136	104
Other taxation & social security	941	1,519	-	11
Other creditors	429	790	21	19
Dividends	543	358	543	358
Accruals & deferred income	5,811	1,960	283	146
Obligations due under finance leases	110	448	110	448
	10,652	6,788	1,093	1,098

16. Creditors - amounts falling due after more than one year	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Obligations due under finance leases	9	132	9	132

17. Provisions - for liabilities & charges	Sublet office space £'000	Insurance £'000	Total £'000
At 1 May 1993	622	175	797
Utilised during the year	(260)	-	(260)
Provided during the year	150	-	150
At 30 April 1994	512	175	687

18. Share capital	1994 No. shares	1993 No. shares	1994 £'000	1993 £'000
Ordinary Shares of 5p each:				
Authorised	49,000,000	49,000,000	2,450	2,450
Allotted, called up & fully paid	36,163,880	35,843,261	1,808	1,792

(a) During the year 320,619 (1993 - 88,183) ordinary shares of 5p each were allotted to employees under the Savills plc United Kingdom Executive Share Option Scheme, for a total consideration of £103,445 (1993 - £22,046).

The following share options have been granted under the Executive Share Option Scheme and were outstanding at 30 April 1994:

Exercise period	Exercise price	Number of Shares '000
7 years from 17 November 1990	25p	507
7 years from 24 March 1991	50p	565
7 years from 16 May 1991	50p	20
7 years from 10 February 1992	104p	3
7 years from 6 February 1995	30p	338
7 years from 20 August 1995	24p	326
7 years from 13 August 1996	56p	250
		2,009

(b) The following share options have been granted with a nominal exercise price under The Savills plc 1992 Employee Benefit Trust (the ESOP) and were outstanding at 30 April 1994:

Exercise period	Number of shares '000
2 years from 25 January 1998	50
2 years from 2 August 1998	290
	340

19. Reserves	Share premium account £'000	Revaluation reserve £'000	Profit & loss account Group £'000	Profit & loss account Company £'000
At 1 May 1993	7,857	243	1,295	2,300
Profit/(loss) transferred to reserves	-	-	1,430	(347)
Revaluation of investments	-	54	-	-
Arising on issue of shares	88	-	-	-
Transfer on realisation of investment	-	(269)	269	269
At 30 April 1994	7,945	28	2,994	2,222

There is no tax effect arising from the revaluation of investments.

20. Capital commitments - Group	1994 £'000	1993 £'000
Outstanding contracts for capital expenditure not provided	-	63

21. Operating lease commitments - Group & Company	Property leases 1994 £'000	Property leases 1993 £'000	Other leases 1994 £'000	Other leases 1993 £'000	Total 1994 £'000	Total 1993 £'000
Annual rentals payable on leases expiring:						
Within one year	-	76	29	19	29	95
In one to five years	42	31	58	99	100	130
After five years	2,966	2,759	-	-	2,966	2,759
	3,008	2,866	87	118	3,095	2,984

22. Finance leases - Group & Company	1994 £'000	1993 £'000
Annual rentals payable:		
Within one year	113	478
In one to five years	10	138
	123	616
Less future finance charges	(4)	(36)
	119	580

23. Reconciliation of operating profit to net cash inflow from operating activities	1994 £'000	1993 £'000
Operating profit	2,827	1,277
Depreciation charges	1,540	1,754
(Profit)/loss on sale of fixed assets	(38)	93
Decrease in work in progress	42	328
(Increase) in debtors	(265)	(691)
Increase in creditors	3,195	1,253
Movement in provisions	(110)	(116)
Net cash inflow from operating activities	7,191	3,898

24. Analysis of changes in financing	Share capital £'000	Finance lease obligations £'000
At 1 May 1993	9,649	580
Net cash flow from financing	104	(461)
At 30 April 1994	9,753	119

25. Analysis of cash and cash equivalents as shown in the balance sheet	Cash at bank & in hand 1994 £'000	1993 £'000
At 1 May	5,017	1,945
Net cash flow	5,034	3,072
At 30 April	10,051	5,017

26. Major non-cash transactions

During the year the Group entered into finance leases in respect of assets totalling nil (1993 - £41,000).

DIRECTORS' RESPONSIBILITIES

in respect of the preparation of Accounts and internal control

The following statement, which should be read in conjunction with the Auditors' Report regarding the respective responsibilities of Directors and Auditors set out on page 35, is made with a view to *distinguishing for shareholders those respective responsibilities in relation to the Accounts.*

Company law requires the Directors to prepare Accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those Accounts, the Directors are required to:

- select appropriate accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Accounts;
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Accounts comply with the Companies Act 1985. 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.

KPMG Peat Marwick

AUDITORS' REPORT TO THE MEMBERS OF SAVILLS plc

We have audited the Accounts on pages 16 to 33.

Respective responsibilities of Directors and Auditors

As described on page 34, the Company's Directors are responsible for the preparation of Accounts. It is our responsibility to form an independent opinion, based on our audit, on those Accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Accounts.

Opinion

In our opinion the Accounts give a true and fair view of the state of the affairs of the Company and the Group as at 30 April 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

12 July 1994
London

FIVE YEAR REVIEW
year ended 30 April 1994

Profit & loss account	1994 £'000	1993 £'000	1992 £'000	1991 £'000	1990 £'000
Turnover (by business):					
Commercial	13,442	10,713	9,678	12,308	15,114
Agricultural & Residential	17,879	14,549	14,037	15,677	17,165
Finance/Other	556	-	-	-	-
Total turnover	31,877	25,262	23,715	27,985	32,279
Operating profit/(loss) (by business):					
Commercial	1,492	819	(1,250)	81	2,805
Agricultural & Residential	1,191	458	(1,661)	(1,762)	249
Finance/Other	144	-	-	-	-
Total operating profit/(loss)	2,827	1,277	(2,911)	(1,681)	3,054
Income from associated undertaking	77	-	-	-	-
Net interest	333	162	48	(9)	432
Profit/(loss) on ordinary activities before taxation	3,237	1,439	(2,863)	(1,690)	3,486
Taxation on profit/(loss) on ordinary activities	(970)	(638)	538	126	(1,345)
Profit/(loss) on ordinary activities after taxation	2,267	801	(2,325)	(1,564)	2,141
Minority interest	(39)	-	-	-	-
Profit/(loss) for the financial year	2,228	801	(2,325)	(1,564)	2,141
Earnings/(loss) per share	6.2p	2.2p	(6.5p)	(4.4p)	6.0p
Dividends per share	2.25p	1.00p	-	-	3.75p

Balance sheet					
Fixed assets	5,252	4,937	6,033	8,052	9,885
Net current assets	8,549	7,179	6,001	5,539	4,530
Creditors: amounts falling due after more than one year	(9)	(132)	(526)	(687)	-
Provisions	(687)	(797)	(913)	-	-
Net assets	13,105	11,187	10,595	12,904	14,415

Employees					
Average number of employees	531	530	585	680	713

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the shareholders of Savills plc will be held at 25 Finsbury Circus, London EC2M 7EE, on 7 September 1994 at 12 noon, and that the business to be brought before the Meeting will be:

Ordinary business

1. To receive the Accounts for the year ended 30 April 1994 together with the Reports of the Directors and Auditors thereon, and to declare a final dividend.

2. To re-elect as a Director, Sir Derek Hornby, who retires by rotation under the terms of the Articles of Association.

3. To re-elect as a Director, Justin Roberts, who was appointed during the year, under the terms of the Articles of Association.

4. To re-elect as a Director, Richard Jewson, who was appointed during the year, under the terms of the Articles of Association.

5. To authorise the Directors to fix the remuneration of the Auditors.

6. To re-appoint KPMG Peat Marwick as Auditors of the Company.

Special business

7. To consider and if thought fit pass the following Resolution as an Ordinary Resolution:
THAT the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985), all previous such authorities being hereby revoked, provided that:

    (i) the aggregate of the nominal amount of such securities shall not exceed £602,731; and

    (ii) this authority shall expire on 6 September 1999 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8. To consider and if thought fit pass the following Resolution as a Special Resolution:
THAT subject to and conditionally upon the passing of Resolution 7 set out in the Notice of the Annual General Meeting convened for 7 September 1994, the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred on the Directors by the said Resolution 7 as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

    (i) to the allotment of equity securities in connection with a pre-emptive issue in favour of holders of Ordinary Shares where the equity securities attributable to each holder are proportionate (as nearly as may be practicable) to the respective number of Ordinary Shares held by such holder but subject to such exclusions as the Directors may deem necessary or expedient to deal with fractional entitlements or pursuant to the laws of any territory or requirements of any regulatory body or any stock exchange in any territory;

8. (Continued)

(ii) to the allotment (otherwise than in pursuance of sub-paragraph (i) above) of equity securities which are to be wholly paid up in cash up to an aggregate nominal amount of £90,410;

(iii) to the allotment of equity securities pursuant to the issue of equity securities for cash in order to provide a cash alternative in accordance with Section 430(4) of the Act following the service of a notice by the Company under Section 429 of the Act;

Provided further that the power contained in this Resolution shall, unless revoked or renewed in accordance with Section 95(3) of the Act, expire on the date which is fifteen months after the date of the passing of this Resolution or (if earlier) on the conclusion of the Annual General Meeting of the Company (or any adjournment thereof) next following the date of the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Registered Office:
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London W1X 0HQ

By order of the Board
Clare Blomfield
C. J. Blomfield
27 July 1994

Notes

(i) Any member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote on their behalf. Members will receive a Form of Proxy with this Notice and, if they wish to appoint a proxy, should complete this form and send it to Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DB so as to be received not later than 48 hours before the time at which the Meeting is due to begin. A proxy need not be a member of the Company.

(ii) The register of Directors' interests, kept by the Company in accordance with Section 325 of the Companies Act 1985, will be open for inspection at the Annual General Meeting.

(iii) Copies of the Directors' service contracts will be available for inspection at the Registered Office of the Company during normal business hours on any week day (excluding public holidays) from the date of this Notice until the date of the Meeting, and at the place of the Meeting for at least 15 minutes prior to the Meeting and during the Meeting.