

Company Registration No. 3536032

CBRE Limited

**Directors' Report and Financial Statements
for the year ended 31 December 2013**

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CBRE Limited

Contents	Page
Officers and Professional Advisers	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report to the members of CBRE Limited	5
Profit and Loss account	7
Statement of total recognised gains and losses	7
Balance Sheet	8
Notes to the Financial Statements	9

CBRE Limited

Officers and Professional Advisers

Directors

C E Bird (appointed 1 January 2013)
G Borok
M F Creamer
P G Emburey
M S Lewis
L H Midler
M J Strong
M D Samworth

Secretary

A C Naftis

Registered Office

St Martin's Court
10 Paternoster Row
London EC4M 7HP

Bankers

HSBC Plc
27-32 Poultry
London EC2P 2BX

Principal legal advisors

Wragge Lawrence Graham & Co LLP
55 Colmore Row
Birmingham B3 2AS

Auditor

KPMG LLP
15 Canada Square
London E14 5GL

CBRE Limited

Strategic Report

Principal activities

The principal activity of the company continues to be the provision of property consultancy services.

Business review

The company has performed strongly in 2013. Revenue has increased by 24% to £265,036,945 (2012: 214,289,652). Profit before tax has increased by 122% to £30,202,990. (2012: £13,613,823).

The company is liable to pay corporation tax. As a result, £1,839,069 is payable for 2013 operations. Profit after tax therefore stands at £28,363,921 (2012: £9,305,871).

Net assets of the company have increased by 151% to £322,168,667 (2012: £128,346,624). The increase is largely due to the repayment of loan for £155,443,750.

Financial risk management

The company has adopted risk management policies that seek to mitigate the financial risks as follows:

Financial assets and liabilities that expose the company to financial risk consist principally of cash, trade debtors and trade creditors. The credit risk associated with trade debtors is managed by monitoring credit worthiness of our clients. The financial instruments associated with cash and trade creditors are considered minimal.

The company places its cash in creditworthy institutions. The company performs ongoing credit evaluation of its customers' financial condition. The trade debtors are distributed in such a manner that the concentration of credit risk is not considered extraordinary.

The carrying amounts of cash and bank balances, trade debtors and payables approximate their respective fair values due to the relatively short-term maturing of these financial instruments.

The Directors are of the view that the company is not exposed to any significant interest rate or inflation rate risks.

The company does not have any foreign currency or interest rate derivatives.

Key Performance Indicators

The Key Performance Indicators presented below reflect the way the performance of the company has been measured in 2013.

Revenue – To track the growth in the business. This is a key area of strategic focus for the Board.

Revenue per regulated fee earner – To track the contribution per head to the business. This also serves to evaluate recruitment.

Operating Cost/ Revenue – To track running costs in line with growth of the business.

Profit Before Tax – To track the underlying performance of the business and to ensure sales growth translates into increased profits.

Profit Margin – To track how much of a unit of revenue, the company keeps as profit.

2014 Focus

The strategy for the coming year is to expand on all areas of the business. To meet expectations with regards to KPI's.

By order of the board



Martin Lewis
Director

St Martin's Court
10 Paternoster Row
London EC4M 7HP

CBRE Limited

Directors' Report

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31 December 2013.

Directors

The Directors who held office throughout the year are as listed on page 1.

The Company Secretary is Alex Naftis who was appointed on 31 March 2000.

Disclosure of information to Auditor

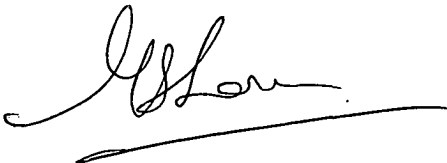
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith

Independent Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and will therefore continue in office.

By order of the board

A handwritten signature in black ink, appearing to read 'M Lewis', with a long horizontal flourish underneath.

Martin Lewis
Director

St Martin's Court
10 Paternoster Row
London
EC4M 7HP

24 September 2014

CBRE Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of CBRE Limited

We have audited the financial statements of CBRE Limited for the year ended 31 December 2013 set out on pages 7 to 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of CBRE Limited (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.



Shaun Kirby (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London E14 5GL

24 September 2014

CBRE Limited

Profit and Loss account Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	1	265,036	214,290
Operating expenses		(239,697)	(202,134)
Operating profit	2	25,339	12,156
Interest receivable and similar income	5	11,450	12,492
Interest payable and similar charges	6	(6,587)	(11,034)
Profit on ordinary activities before taxation		30,202	13,614
Tax charge on profit on ordinary activities	7	(1,839)	(4,308)
Retained profit for the year	18	28,363	9,306

Statement of total recognised gains and losses

	Note	2013 £'000	2012 £'000
Profit for the financial year		28,363	9,306
Actuarial loss on defined benefit pension schemes	20	(5,878)	(3,045)
Deferred tax associated with defined benefit pension schemes		(789)	(1,258)
Total recognised gains and losses		21,696	5,003

The notes on pages 9 to 31 form part of these financial statements

CBRE Limited


Balance Sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Goodwill	8	88,470	91,667
Intangible assets	9	2,628	3,568
Tangible assets	10	19,041	16,664
Investments	11	21,636	22,378
		<u>131,775</u>	<u>134,277</u>
Current assets			
Debtors: amounts falling due within one year	12	504,185	415,958
Cash at bank and in hand		23,874	15,804
		<u>528,059</u>	<u>431,762</u>
Creditors: amounts falling due within one year	13	<u>(297,848)</u>	<u>(245,990)</u>
Net current assets		<u>230,211</u>	<u>185,772</u>
Total assets less current liabilities		<u>361,986</u>	<u>320,049</u>
Creditors: amounts falling due after more than one year	14	(112)	(155,777)
Provisions for liabilities	15	<u>(10,750)</u>	<u>(9,678)</u>
Net assets excluding net pension liabilities		<u>351,124</u>	<u>154,594</u>
Net pension liabilities	20	<u>(28,956)</u>	<u>(26,247)</u>
Net assets including net pension liabilities		<u><u>322,168</u></u>	<u><u>128,347</u></u>
Capital and reserves			
Called up equity share capital	16	6,000	6,000
Capital contribution	19	39,898	37,588
Share premium	17	203,769	33,954
Profit and loss account excluding pension reserve	18	151,141	122,778
Pension reserve	19	<u>(78,640)</u>	<u>(71,973)</u>
Shareholders' funds	19	<u><u>322,168</u></u>	<u><u>128,347</u></u>

The notes from pages 9 to 31 form part of the financial statements.

These financial statements were approved by the Board of Directors on 24 September 2014.

Signed on behalf of the Board of Directors



Martin Lewis
Director

Company Registration Number: 3536032

CBRE Limited

Notes to the Financial Statements

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and applicable United Kingdom law and accounting standards. The principal accounting policies adopted within that convention are set out below. The accounting policies have been applied consistently in the current and previous year. The financial statements have been prepared on a going concern basis.

Turnover

Turnover comprises commissions and fees receivable in respect of services performed exclusive of Value Added Tax. Fee income is recognised when the service is delivered.

Goodwill

Goodwill is the excess between the amount paid on the acquisition of the business and the fair value of the separable net assets acquired. Goodwill has been capitalised and is written off on a straight line basis over a life of 20 years, being the Directors' best estimate of their useful economic life. Provision is made for any impairment.

Intangibles

Intangibles arose due to the acquisition of EA Shaw and Franc Warwick in 2012 and Alan Selby and Partners in 2013. They relate mainly to customer relationships and client backlog. The amounts are stated at fair value at the date of acquisition.

Intangibles are capitalised and amortised on a straight line basis over the Directors' best estimate of their useful life, which range from 2 to 60 months.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided so as to write off the cost of tangible fixed assets less their residual value over their estimated useful lives, using the following rates:

Leasehold improvements	length of lease
Furniture and equipment - Fixtures & fittings	10% per annum on a straight-line basis
Furniture and equipment - Computer equipment	33% per annum on a straight-line basis

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

CBRE Limited

Notes to the Financial Statements

1. Principal accounting policies (*continued*)

Taxation

Current tax including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash flow statement

No cash flow statement has been prepared, under the provision of FRS1 "Cash flow statements", on the basis that the company is a wholly owned subsidiary of CBRE Group Inc., whose consolidated financial statements are publicly available and include a consolidated cash flow statement.

Group accounts

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts. This exemption is available because the results of CBRE Limited and all of its subsidiaries are included in the group accounts of CBRE Group Inc., a company incorporated in the United States.

Pensions

The Company operates three defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company operates two pension schemes providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

CBRE Limited

Notes to the Financial Statements

1. Principal accounting policies (*continued*)

Share-based payments

The company has applied the requirements of FRS 20 Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The company's US parent, CBRE Group Inc., issued equity-settled share-based payments (share options and restricted stock) to certain employees under its 2001 and 2004 Stock Incentive Plan. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2. Operating profit

	2013 £'000	2012 £'000
Company operating profit on ordinary activities is stated after charging:		
Share based payments	2,310	2,399
Depreciation: Owned assets	5,132	3,489
Movement in provisions	3,108	3,604
Amortisation of goodwill	7,806	7,107
Amortisation of intangibles	2,576	600
Fees payable to the company's auditor's for the audit of the company's annual accounts	38	118
Fees payable to the company's auditor's for the audit of the company's subsidiaries	81	-
Operating leases:		
Plant and machinery	630	775
Land and Buildings	4,173	6,716
Other	356	355
	<u> </u>	<u> </u>

CBRE Limited

Notes to the Financial Statements

3. Directors' remuneration

	2013 £'000	2012 £'000
Remuneration		
Emoluments	8,257	4,032
Contributions to defined benefit and defined contribution pension schemes	72	89
	<u>8,329</u>	<u>4,121</u>

Pensions

The number of Directors who were members of pension schemes was as follows:

	2013 No.	2012 No.
Money purchase schemes	4	3
Final salary schemes	1	1
	<u>5</u>	<u>4</u>

	2013 £'000	2012 £'000
Highest paid Director		
Emoluments	3,346	1,547
Company contributions to defined benefit pension schemes	-	-
	<u>3,346</u>	<u>1,547</u>

4. Employment costs (including Directors)

	2013 £'000	2012 £'000
Wages and salaries	165,813	136,557
Social security costs	21,672	16,346
Pension costs (see note 20)	5,290	5,107
	<u>192,775</u>	<u>158,010</u>

The average monthly number of employees (including Directors) was:

	Average 2013 No.	Average 2012 No.
Professional staff	1,147	1,088
Administrative staff	667	584
	<u>1,814</u>	<u>1,672</u>

CBRE Limited

Notes to the Financial Statements

5. Interest receivable and similar income

	2013 £'000	2012 £'000
Bank interest receivable	1,801	1,971
Intercompany interest receivable	9,214	10,521
Net credit re financing of retirement benefits	435	-
	<u>11,450</u>	<u>12,492</u>

6. Interest payable and similar charges

	2013 £'000	2012 £'000
Bank interest	2,234	6,000
Intercompany interest payable	4,353	4,520
Net charge re: financing of retirement benefits	-	514
	<u>6,587</u>	<u>11,034</u>

CBRE Limited

Notes to the Financial Statements

7. Tax charge on profit on ordinary activities

	2013 £'000	2012 £'000
Current tax		
UK corporation tax based on profit for the year	3,777	3,163
Payments for group relief	3	108
Adjustments in respect of prior periods	(1,900)	848
Foreign taxation	181	214
Adjustment in respect of prior periods (Foreign Taxation)	-	(175)
Total current tax	2,061	4,158
Deferred tax		
Origination and reversal of timing differences	(194)	1,102
Adjustments in respect of prior periods	17	(1,017)
Effect of tax rate change on opening balance	(45)	65
Total deferred tax	(222)	150
Tax charge on profit on ordinary activities	1,839	4,308
Deferred tax reconciliation		
Opening deferred tax (creditor)/asset (<i>see note 14</i>)	(334)	(201)
Credit/ (Charge) to the profit and loss account	222	(150)
Franc Warwick deferred tax asset	-	17
Closing deferred tax creditor (<i>see note 14</i>)	(112)	(334)

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax and after dividend received	30,202	13,614
Tax on profit at standard rate of 23.25 % (2012: 24.5%)	7,021	3,335
Effects of:		
Fixed Asset differences	126	93
Expenses not deductible for tax purposes	2,779	3,115
Adjustments to brought forward values	(7,057)	(818)
Other permanent differences	-	-
Group income	-	-
Transfer pricing adjustments	(10)	(12)
Group relief surrendered/ (claimed)	(2,649)	(1,579)
Payment/ (receipt) for group relief	3	108
Foreign tax credits	181	214
Adjustments to tax charge in respect of prior periods	(1,899)	673
Depreciation in excess of capital allowances	203	55
Income not taxable for tax purposes	(1,625)	-
Other short term timing differences	4,988	(1,026)
Current tax charge for the year	2,061	4,158

CBRE Limited

Notes to the Financial Statements

7. Tax charge on profit on ordinary activities (*continued*)

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax liability at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

8. Goodwill

	£'000
Cost	
At 1 January 2013	155,848
Additions	4,864
Impairment	(255)
At 31 December 2013	160,457
Amortisation	
At 1 January 2013	64,181
Charge for the year	7,806
At 31 December 2013	71,987
Net book value	
At 31 December 2012	91,667
At 31 December 2013	88,470

On 31 October 2013, the company acquired the trade, assets and employees of Alan Selby & Partners LLP for a total consideration of £6,500,000. This gave rise to goodwill in the company of £4,864,000.

In October, an impairment was made to the M3 goodwill reducing it by £255k in relation to deferred consideration. The reduction was due to non meeting of agreed targets.

CBRE Limited

Notes to the Financial Statements

9. Intangible Assets

	£'000
Cost	
At 1 January 2013	4,168
Additions	1,636
At 31 December 2013	5,804
Amortisation	
At 1 January 2013	600
Charge for the year	2,576
At 31 December 2013	3,176
Net book value	
At 31 December 2012	3,568
At 31 December 2013	2,628

On 31 October 2013, the company acquired the trade, assets and employees of Alan Selby & Partners LLP. The acquisition included £1,636,000 of Intangibles relating to customer relationships and client backlog.

10. Tangible fixed assets

	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost			
At 1 January 2013	14,901	24,121	39,022
Additions	1,608	6,024	7,632
Disposals	(765)	(8,154)	(8,919)
At 31 December 2013	15,744	21,991	37,735
Accumulated depreciation			
At 1 January 2013	5,185	17,173	22,358
Charge for the year	1,807	3,325	5,132
Disposals	(643)	(8,153)	(8,796)
At 31 December 2013	6,349	12,345	18,694
Net book value			
At 31 December 2013	9,395	9,646	19,041
At 31 December 2012	9,716	6,948	16,664

CBRE Limited

Notes to the Financial Statements

11. Investments

Subsidiary undertakings:

	£'000
Cost and net book value:	
At 1 January 2013	22,378
Investment dissolved	(742)
	<hr/>
At 31 December 2013	21,636
	<hr/>

The company has investments in the following subsidiary undertakings and other investments. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Principal subsidiaries	Principal activity	Holding No. of shares	Proportion of ordinary share capital %
CB Richard Ellis Limited	Property services	8,769,749	100
CBRE Real Estate Finance Limited	Financial services	133,000	100
CBRE Jersey Limited	Property services	9	100
CBRE Loan Servicing Limited	Property services	1	100
CBRE Indirect Investment Services Limited	Financial services	50,000	100
CBRE Management Services Limited	Management services	2	100
CB Richard Ellis Financial Services Limited	Financial services	10,000	100
CBRE European Treasury Limited	Treasury management services	2	100
CBRE Global Investors Europe Holdings Limited	Investment holding	10,050	100
Fintan Limited	Investment holding	10	100
Mareagle (Ireland)	Investment holding	132,000	100
CBRE Services (Jersey) Limited	Estate agent and property management Services	2	100
CBRE Hotels Limited	Real Estate Brokerage	3	100
Franc Warwick Unlimited	Property Services	1,000	100

All of the principal subsidiary undertakings are incorporated in Great Britain except for the following:

- Mareagle (Ireland): Incorporated in Ireland
- CBRE Services (Jersey) Limited: Incorporated in Jersey
- CBRE Jersey Limited: Incorporated in Jersey

CBRE Limited

Notes to the Financial Statements

11. Investments (*continued*)

The company is exempt from the obligation to prepare and deliver group accounts because it is included in the group accounts of CBRE Group Inc.

12. Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Trade debtors	93,042	74,389
Amounts owed by subsidiary undertakings	306,319	303,108
Amounts owed by fellow group undertakings	74,122	22,056
Amount owed by ultimate parent undertaking	964	-
Other debtors	10,405	8,566
Prepayments	20,350	11,440
Corporation tax	(1,017)	(3,601)
	<u>504,185</u>	<u>415,958</u>

13. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	3,335	5,990
Amounts owed to ultimate parent undertaking	-	1,118
Amounts owed to subsidiary undertakings	33,298	24,446
Amounts owed to fellow group undertakings	83,578	84,021
Other taxation and social security:		
Social security	4,252	3,890
Other taxes	3,856	4,997
Other creditors	80,004	54,977
Accruals and deferred income	89,525	66,551
	<u>297,848</u>	<u>245,990</u>

A loan for £77,765,988 is owed to CBRE Luxembourg Finance SARL, payable on demand. Interest is payable at an annual rate equal to LIBOR plus 5.079%.

14. Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Amounts owed to fellow group undertakings	-	155,443
Deferred tax	112	334
	<u>112</u>	<u>155,777</u>

A loan for £155,443,750 owed to various lenders was paid in full in March 2013.

CBRE Limited

Notes to the Financial Statements

14. Creditors: amounts falling due after more than one year (*continued*)

Deferred taxation provided in the financial statements is as follows:

	2013 £'000	2012 £'000
Capital allowances in excess of depreciation	360	616
Other short term timing differences	(248)	(282)
Deferred tax liability	<u>112</u>	<u>334</u>

The March 2013 Budget announced that the deferred tax rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. This will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

15. Provisions for liabilities

	At 1 January 2013	Additions/ deletions £'000	Utilised £'000	Imputed interest £'000	At 31 December 2013
Provision for annuities	1,683	-	(272)	156	1,567
Provisions for onerous leases	4,743	(2,189)	(175)	-	2,379
Other provisions	3,252	5,297	(1,745)	-	6,804
	<u>9,678</u>	<u>3,108</u>	<u>(2,192)</u>	<u>156</u>	<u>10,750</u>

Annuities are amounts payable to certain former equity partners of Richard Ellis and St Quintin.

Provisions for annuities become payable between 1 and 10 years.

Provisions for onerous leases become payable between 1 and 10 years.

Other provisions include a provision for claims that arise in the ordinary course of business.

16. Share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid:		
6,000,104 ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

CBRE Limited

Notes to the Financial Statements

17. Share Premium

	£'000
At 1 January 2013	33,954
Additions during the year	169,815
At 31 December 2013	<u>203,769</u>

As a result of a global refinancing project, share premium was increased in March 2013 by £169,814,837.

18. Profit and loss account

	£'000
At 1 January 2013	122,778
Retained profit for the year	28,363
Dividend paid	-
At 31 December 2013	<u>151,141</u>

19. Reconciliation of movements in shareholders' funds

	Share capital £'000	Capital contribution £'000	Share premium £'000	Profit and loss account £'000	Pension Reserve £'000	Total shareholders' funds £'000
At 1 January 2013	6,000	37,588	33,954	122,778	(71,973)	128,347
Profit for the year	-	-	-	28,363	-	28,363
Increase in capital contribution	-	2,310	-	-	-	2,310
Increase in share premium res	-	-	169,815	-	-	169,815
Increase in pension reserve	-	-	-	-	(6,667)	(6,667)
At 31 December 2013	<u>6,000</u>	<u>39,898</u>	<u>203,769</u>	<u>151,141</u>	<u>(78,640)</u>	<u>322,168</u>

CBRE Limited

Notes to the Financial Statements

20. Pensions

Defined benefit schemes

The Company operates two defined benefit pension schemes, the CB Hillier Parker Pension Scheme and the Richard Ellis St Quintin Retirement Fund. Both pension schemes are closed to new members and with effect from 30 June 2007 the CB Hillier Parker Pension Scheme and the Richard Ellis St Quintin Retirement Fund transferred all active members to deferred and ceased accrual for future benefits.

The assets of each Scheme are held in trustee administered funds, separated from the group's own resources. Contributions to the schemes are determined by independent qualified actuaries on the basis of periodic valuations using the projected unit method.

A summary of the actuarial gain, pension liability and pension reserve for both schemes can be found below:

	Actuarial (loss)/gain		Pension liability		Pension reserve	
	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000
CB Hillier Parker Pension Scheme	(7,142)	1,714	26,335	22,440	(60,336)	(53,194)
Richard Ellis St Quintin Retirement Fund	1,264	(4,759)	14,695	16,670	(22,731)	(23,995)
Less: deferred tax	(789)	(1,258)	(12,074)	(12,863)	4,427	5,216
	<u>(6,667)</u>	<u>(4,303)</u>	<u>28,956</u>	<u>26,247</u>	<u>(78,640)</u>	<u>(71,973)</u>

CB Hillier Parker Pension Scheme

The scheme was closed to new entrants in April 2002. Existing active members continued to accrue future service benefits under the rules of the scheme until 30 June 2007 when the active members were transferred to deferred and the scheme ceased to accrue for future benefits.

The employer contribution for the year was £2,512,000 (2012: £2,684,000).

The pension charge to the Company for the year from the Scheme was a credit of £735,000 (2012: credit £90,000).

The formal actuarial valuation as at 31 December 2009 has been updated to the accounting date by an independent qualified actuary. As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method. Assets have been valued at market value. The valuation shows that the market value of the Scheme's assets was £145.283m and represented 85% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The following tables set out the key FRS 17 assumptions used for the Scheme. The tables also set out as at 31 December 2013 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities and the deficit of assets below the FRS 17 liabilities.

CBRE Limited

Notes to the Financial Statements

20. Pensions (continued)

Assumptions

	2013 % pa	2012 % pa	2011 % pa
Rate of inflation	3.5	3.1	3.2
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase to pensions in payment	3.5	3.1	3.2
Discount rate	4.5	4.7	4.9

Post mortality assumptions in 2013 are using S1NA_L tables (2012:SINA_L Tables), medium cohort year of birth with a long term annual improvement rate of 1.0%/ 0.75 pa for males/ females (2012 - 1.0%/0.75% pa for males/females).

Scheme assets

The fair value of assets in the scheme, the present value of the liabilities in the scheme, and the expected rate of return at the balance sheet date were:

	2013		2012		2011	
	Proportion of assets %	Long-term rate of return expected % pa	Proportion of assets %	Long-term rate of return expected % pa	Proportion of assets %	Long-term rate of return expected % pa
Equities	60.23	7.6	77.00	6.80	76.00	6.90
GARS Fund	38.77	7.1	-	-	-	-
Gilts	-	-	9.00	2.80	10.00	2.90
Property	0.78	5.6	5.00	4.80	5.00	4.90
Cash	0.22	3.6	0.00	3.00	0.00	3.00
Bonds	-	-	9.00	4.20	9.00	4.60
Total	100.00	7.40	100.00	6.20	100.00	6.30

	2013 £'000	2012 £'000	2011 £'000
Total fair value of assets	145,283	125,298	113,835
Present value of scheme liabilities	(171,618)	(147,738)	(140,583)
Deficit in the scheme	(26,335)	(22,440)	(26,748)
Deferred tax asset	7,811	7,705	9,691
Net pension liability	(18,524)	(14,735)	(17,057)

CBRE Limited

Notes to the Financial Statements

20. Pensions (*continued*)

The movement in scheme liabilities and assets is as follows:

	2013	2012
	£'000	£'000
Pension scheme liability at 1 January 2013	(147,738)	(140,583)
Benefits paid	3,038	3,204
Other net finance income	(6,872)	(6,811)
Actuarial loss	(20,046)	(3,548)
Pension scheme liability 31 December 2013	<u>(171,618)</u>	<u>(147,738)</u>

	2013	2012
	£'000	£'000
Pension scheme asset at 1 January 2013	125,298	113,835
Expected return on plan assets	7,607	6,721
Contributions (employee and employer)	2,512	2,684
Benefits paid	(3,038)	(3,204)
Actuarial (loss)/gain	12,904	5,262
Pension scheme asset 31 December 2013	<u>145,283</u>	<u>125,298</u>

Analysis of amounts included in other finance costs:

	2013	2012
	£'000	£'000
Expected return on pension scheme assets	(7,607)	(6,721)
Interest on post-retirement liabilities	6,872	6,811
Net charge/ (credit) to finance income	<u>(735)</u>	<u>90</u>

The amount recognised outside the profit and loss account in the statement of total recognised gains and losses (STRGL) for 2013 is a loss of £7.142m (2012: gain of £1.714m). The cumulative amount to be recognised outside the profit and loss account as at 31 December 2013 is a loss of £64.90m (2012: loss of £57.76m).

CBRE Limited

Notes to the Financial Statements

20. Pensions (continued)

Analysis of asset and scheme liabilities and deficits are as follows:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of defined obligation	(171,618)	(147,738)	(140,583)	(131,269)	(130,314)
Fair value of plan assets	145,283	125,298	113,835	115,027	101,714
Deficit	<u>(26,335)</u>	<u>(22,440)</u>	<u>(26,748)</u>	<u>(16,242)</u>	<u>(28,600)</u>
Experience adjustments arising on scheme assets	(12,904)	(5,262)	8,768	(7,300)	(11,355)
Experience item as a percentage of scheme assets	(8.9%)	(4.2%)	7.7%	(6.3%)	(11.2%)
Experience adjustments arising on scheme liabilities	(826)	46	4,620	(3,741)	-
Experience item as a percentage of scheme liabilities	0.5%	0.0%	3.3%	(2.8%)	-

The expected employer contributions for calendar year 2014 are £2,862,000.

Richard Ellis St Quintin Retirement Fund

The scheme was closed to new entrants in April 1997 for the Richard Ellis scheme and March 1998 for the St Quintin scheme. Existing active members continued to accrue future service benefits under the rules of the scheme until 30 June 2007 when the active members were transferred to deferred and the scheme ceased to accrue for future benefits. In addition a small number of former Richard Ellis Directors who are currently in service were granted salary linkage on their accrued deferred pensions up to the 30 June 2007.

The total company contributions to the scheme amounted to £1,011,000 paid in the year (2012: £1,026,000 paid in the year).

The pension charge for the year was £300,000 (2012: £510,000). The valuation shows that the market value of the schemes assets was £55,168,000 and represented 79% of the benefits that had accrued to members.

The last funding valuation was at 30 June 2007 and this has been updated to 31 June 2009 by an independent qualified actuary. As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method.

The following tables set out the key FRS 17 assumptions used for the Scheme. The tables also set out as at 31 December 2013 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities and the deficit of assets below the FRS 17 liabilities.

CBRE Limited

Notes to the Financial Statements

20. Pensions (continued)

The major assumptions used in this valuation were:

	2013 % pa	2012 % pa	2011 % pa
Rate of inflation	3.4	3.0	3.2
Rate of general increase in salaries	N/A	N/A	N/A
Rate of increase to pensions in line with increase in Retail Price Index capped at 5% pa (LPI)	3.2	2.9	3.1
Discount rate for scheme liabilities	4.4	4.4	4.8

The post retirement mortality tables in 2013 are using S1NA_L tables (2012: S1NA_L tables), medium cohort year of birth with a long term annual improvement rate of 1.0 %/0.75% pa for males/females (2012: 1.0%/0.75% for males/ females).

Scheme assets

The following table shows the proportion that the assets are held by class of assets with the expected rate of return for that class of asset. The proportions are calculated by reference to the fair value of the assets.

	2013 Proportion of assets %	2013 Long-term rate of return expected % pa	2012 Proportion of assets %	2012 Long-term rate of return expected % pa	2011 Proportion of assets %	2011 Long-term rate of return expected % pa
Equities	31.89	7.60	27.29	6.80	6.60	6.90
Government Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Broad Bonds fund	16.04	4.70	21.37	4.50	21.90	4.90
Dynamic Asset Allocation Fund	33.98	7.10	29.39	6.10	49.10	6.00
Cash	18.09	3.60	21.95	3.00	22.40	3.00
Total	100.00	6.20	100.00	5.30	100.00	5.10

	2013 £'000	2012 £'000	2011 £'000
Fair value of scheme assets	55,168	52,464	50,505
Present value of scheme liabilities	(69,863)	(69,134)	(62,932)
Deficit in the scheme	(14,695)	(16,670)	(12,427)
Deferred tax asset	4,263	5,158	4,430
Net pension liability	(10,432)	(11,512)	(7,997)

CBRE Limited

Notes to the Financial Statements

20. Pensions (*continued*)

The movement in scheme liabilities and assets is as follows:

	2013	2012
	£'000	£'000
Pension scheme liability at 1 January 2013	(69,134)	(62,932)
Current service cost	-	(86)
Benefits paid	2,320	2,323
Other net finance income	(2,991)	(2,967)
Actuarial (loss)/gain	(58)	(5,472)
Pension scheme liability 31 December 2013	<u>(69,863)</u>	<u>(69,134)</u>
	2013	2012
	£'000	£'000
Pension scheme asset at 1 January 2013	52,464	50,505
Expected return on plan assets	2,691	2,543
Contributions by employer	1,011	1,026
Benefits paid	(2,320)	(2,323)
Actuarial gain	1,322	713
Pension scheme asset 31 December 2013	<u>55,168</u>	<u>52,464</u>

Analysis of other pension costs charged in arriving at operating profit

	2013	2012
	£'000	£'000
Current service cost	-	86
Total operating charge	<u>-</u>	<u>86</u>

Note the change in treatment with regards to the current service cost. For 2013, this cost has been deducted from the expected return on pension scheme assets. The charge for 2013 is £54,518.

Analysis of amounts included in other finance costs:

	2013	2012
	£'000	£'000
Expected return on pension scheme assets	(2,691)	(2,543)
Interest on pension scheme liabilities	2,991	2,967
Net cost	<u>300</u>	<u>424</u>

The amount recognised outside the profit and loss account in the statement of total recognised gains and losses (STRGL) for 2013 is a gain of £1.264m (2012: loss of £4.759m). The cumulative amount to be recognised outside the profit and loss account as at 31 December 2013 is a loss of £15.457m (2012: loss of £16.731m)

CBRE Limited

Notes to the Financial Statements

20. Pensions (continued)

Analysis of asset and scheme liabilities and deficits are as follows:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of defined obligation	(69,863)	(69,134)	(62,932)	(59,211)	(58,391)
Fair value of plan assets	55,168	52,464	50,505	49,758	46,749
Deficit	<u>(14,695)</u>	<u>(16,670)</u>	<u>(12,427)</u>	<u>(9,453)</u>	<u>(11,642)</u>
Experience adjustments arising on scheme assets	(671)	659	(318)	(164)	(192)
Experience item as a percentage of scheme assets	(1.0%)	1.0%	(0.5%)	(0.3%)	(0.3%)
Experience adjustments arising on scheme liabilities	(1,322)	(713)	981	(1,830)	(3,940)
Experience item as a percentage of scheme liabilities	(2.4%)	(1.4%)	1.9%	(3.7%)	(8.4%)

The expected employer contributions for calendar year 2014 are £1,049,000.

Both final salary schemes are closed to new entrants and, under the method used to calculate pension costs in accordance with FRS 17, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

Defined Contribution Schemes

The group operates three defined contribution schemes. It also makes contributions to group personal pension plans and holds an insurance policy to provide death-in-service benefits to pension scheme members. The assets of all schemes are held separately from those of the company and are administered by trustees.

The group operates a defined contribution scheme for employees of CBRE Limited. The scheme was closed in June 2001 and the liability for these members has been substantially extinguished from the scheme by payment of transfer values either to an arrangement of the member's choice or to a Section 32 policy with Friends Provident established by the Trustees.

The group operates two defined contribution schemes for employees of CBRE Management Services Limited. The total pension charge for the year was £366,000 (2012: £320,000).

The total pension charge for the year for group personal plans was £5,290,000 (2012: £5,019,000).

CBRE Limited

Notes to the Financial Statements

21. Share-based payments

The costs of issuing the share options and restricted stock are as follows:

	Share Options		Restricted Stock	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Fair Value charge	-	110	2,310	2,289

Fair Value

The fair value of share options and restricted stock is estimated using the Black-Scholes option-pricing model, which takes into account assumptions such as dividend yield, risk-free interest rate, expected stock price volatility and the expected life of the options.

Share Options

The weighted average fair value of share options granted were \$13.49 for the year ended 31 December 2011. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model, utilising the following weighted average assumptions:

Dividend yield	0%
Expected volatility	61.99%
Risk-free interest rate	1.65%
Expected life	5 years

The dividend yield assumption is excluded from the calculation, as it is the present intention to retain all earnings. The expected volatility is based on a combination of the historical stock price and implied volatility. The selection of implied volatility data to estimate expected volatility is based upon the availability of actively traded options on the stock. The risk-free interest rate is based upon the US Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the options.

The share options outstanding during the year were granted as follows:

On 2 September 2008 options CBRE Group Inc were granted with an exercisable price of \$13.29. The options become exercisable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. The share options expire ten years from the date of grant.

Details of the share options are summarised below:

	2013		2012	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at 1 January	241,678	\$9.45	302,875	\$8.36
Granted during the year	-	-	-	-
Exercised during the year	(127,416)	\$6.00	(61,197)	\$4.04
Exchanged/lapsed during the year	-	-	-	-
Outstanding at the end of the period	114,262	\$13.29	241,678	\$9.45
Exercisable at the end of the period	114,262	-	241,678	-

CBRE Limited

Notes to the Financial Statements

21. Share-based payments (*continued*)

Restricted stocks outstanding during the year were granted as follows;

On 21 February 2006, 19,290 restricted shares in CBRE Group Inc. were granted at nil cost. On 1 June 2006, CBRE Group Inc effected a 3 for 1 stock split increasing shares to 57,869. 100% of the shares become vestable on the tenth anniversary of the date of grant. As at the balance sheet date, only 32,471 shares remain outstanding due to leavers.

On 19 March 2007, 43,422 restricted shares in CBRE Group Inc. were granted at nil cost. 100% of the shares become vestable on 15 March 2016. As at the balance sheet date, only 24,606 shares remain outstanding due to leavers.

On 7 July 2009, 7,453 restricted shares in CBRE Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. No shares remain outstanding as at the balance sheet date.

On 9 September 2009, 493,442 restricted shares in CBRE Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. No shares remain outstanding as at the balance sheet date.

On 8 September 2010, 82,506 restricted shares in CBRE Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. 19,534 shares remain outstanding as at the balance sheet date.

On 10 February 2011, 40,796 restricted shares in CBRE Group Inc. were granted at nil cost. The shares become vestable on 15 March 2016. 27,059 shares remain outstanding as at the balance sheet date.

On 8 September 2011, 188,823 restricted shares in CBRE Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. 85,216 shares remain outstanding as at the balance sheet date.

On 14 September 2012, 135,551 restricted shares in CBRE Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. 103,196 shares remain outstanding as at the balance sheet date.

On 2 January 2013, 4,911 restricted shares in CBRE Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. 3,683 shares remain outstanding as at the balance sheet date.

On 14 August 2013, 132,066 restricted shares in CBRE Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. 132,066 shares remain outstanding as at the balance sheet date.

On 14 August 2013, 40,434 performance based restricted shares in CBRE Group Inc. were granted at nil cost. 100% of the shares become vestable on 5 September 2016. 40,434 shares remain outstanding as at the balance sheet date.

CBRE Limited

Notes to the Financial Statements

21. Share-based payments (*continued*)

Details of the restricted stock are summarised below:

	2013		2012	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Shares outstanding at 1 January	580,814	-	708,721	-
Granted during the year	177,411	-	135,551	-
Leavers	(46,357)	-	-	-
Vested during the period	(239,006)	-	(263,458)	-
Outstanding at the end of the period	<u>472,862</u>	-	<u>580,814</u>	-

22. Financial commitments

At 31 December the group had annual commitments under non-cancellable operating leases as set out below:

	2013		2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	370	320	13	282
Between two and five years	302	514	2,140	766
After five years	11,788	283	11,887	273
	<u>12,460</u>	<u>1,117</u>	<u>14,040</u>	<u>1,321</u>

23. Immediate and ultimate parent company

The Directors regard CBRE Holdings Limited a company incorporated in Great Britain, as the immediate parent company.

The Directors regard CBRE Group Inc., a company incorporated in the United States, as the ultimate parent company and ultimate controlling party.

CBRE Group Inc., is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up.

Copies of the consolidated group financial statements for CBRE Group Inc. are available from CBRE Limited, St Martin's Court, 10 Paternoster Row, London EC4M 7HP.

CBRE Limited

Notes to the Financial Statements

24. Related parties

As a subsidiary undertaking of CBRE Group Inc., the company has taken advantage of the exemption in Financial Reporting standard No.8 "Related party disclosures" from disclosing transactions with other members of the group headed by that company.

There were no transactions with related parties in the year ended 31 December 2013 or December 2012 that require disclosure.