

Company Registration No. 01299222

Kurt Salmon UKI Limited
Report and Financial Statements
31 December 2015



Company Information

Directors:

- C Povey
- N Stagg
- C Ansley

Company Secretary:

- C Ansley

Company Registration Number - 01299222

Registered Address:

10 Fleet Place,
London,
EC4M 7RB

Country of Incorporation – United Kingdom

External Auditors:

Deloitte LLP,
2 New Street Square,
London,
EC4A 3BZ.

Kurt Salmon UKI Limited

Report and financial statements 2015

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Kurt Salmon UKI Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review and principal activities

The Company's principal activity during the year was the provision of management consultancy services.

Kurt Salmon UKI Limited's key performance indicators are shown below:

KPI	Actual 2015	Actual 2014	% Change
Revenue	£4,812,831	£7,451,900	(35%)
Operating (loss)/ profit	£(810,507)	£1,384,524	(159%)
Operating (loss)/ profit margin	(16.8%)	18.6%	

The fall in revenue in 2015 is due to a large client project being halted before completion due to restructuring.

There was also a project which was due to start but did not due to the sudden departure of the main board sponsor.

The loss after tax for the year was £856,551 (2014: profit of £1,409,851).

Principal risks and uncertainties

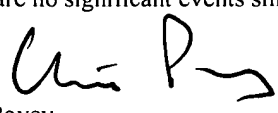
Changes in demand for Kurt Salmon UKI Limited's services can significantly impact revenues and profits. The business operates in a number of geographies and industry sectors and demand for their services can be affected by global, regional or national macro economic conditions and conditions within individual industry sectors. The business operates in a competitive environment, where other consulting firms seek to provide similar services to Kurt Salmon's clients.

Future developments

The directors remain optimistic to the general level of activity in the forthcoming year for Kurt Salmon UKI Limited.

Events after the balance sheet date

There are no significant events since the balance sheet date.



Chris Povey
Director

10 Fleet
London
EC4M 7RB

31 August 2016

Kurt Salmon UKI Limited

Directors' report

The directors' present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2015.

Going concern

The current economic conditions create uncertainty particularly over the level of demand for the Company's services. The Company made loss in 2015 and was in a net current liabilities position of £6,676,771 (2014: £5,800,093) at year end; therefore it relies on support from the ultimate parent company, Management Consulting Group PLC, and the directors have received written confirmation that the ultimate parent company will continue to provide support for 12 months from the date of approving these financial statements. The directors believe that Management Consulting Group PLC has the financial resources to fulfil this commitment.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Going concern is discussed further in Note 1 to the accounts.

Dividend

The directors do not recommend payment of a final dividend (2014: £nil).

Future Developments and Events after the Balance Sheet Date have been considered within the Strategic Report on Page 1.

Financial risk management

The Company does not use derivatives to manage its financial risks. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risk the directors consider relevant to this company is credit risk. This risk is mitigated by the Company's credit controls policies.

The Company has operating and financial policies and procedures designed to maximise value within a defined risk management framework. The key risks to which the Company is exposed are reviewed regularly by senior management and the Board. The major risks the Company faces are related to the demand for consultancy services in the United Kingdom; maintaining and extending our client base; attracting and retaining talented employees; and not using our intellectual capital to full advantage.

These risks are managed by anticipating consultancy trends; identifying new sectors in which the Company might operate; maximising staff utilisation; having remuneration policies which reward performance and promote continued employment with the Company or other group companies; and maintaining a comprehensive knowledge management system. Potential contractual liabilities arising from client engagements are managed through careful control of contractual conditions and appropriate insurance arrangements. There is no material outstanding litigation against the Company, of which the directors are aware, which is not covered by insurance, or provided for in the financial statements.

Directors

The directors who held office throughout the year and up to the date of this report were as follows:

C W Ansley
N Stagg
C Povey

Kurt Salmon UKI Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order 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 and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Chris Povey
Director



10 Fleet
London
EC4M 7RB

31st August 2016

Kurt Salmon UKI Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Kurt Salmon UKI Limited

We have audited the financial statements of Kurt Salmon UKI Limited for the year ended 31 December 2015 which comprise the profit and loss account, statement of comprehensive income, the balance sheet the statement of changes in equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 the 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 Kurt Salmon UKI 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.



Anthony Morris, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

31 August 2016

Kurt Salmon UKI Limited

Profit and loss account Year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover			
Existing operations	1	4,812,831	7,451,900
Cost of sales		(4,338,462)	(4,284,701)
Gross profit		474,369	3,167,199
Administrative expenses		(1,284,876)	(1,782,675)
Operating (loss)/ profit	2	(810,507)	1,384,524
Interest receivable and similar income	5	21,792	57,580
Interest payable and similar charges	6	(67,836)	(32,253)
(Loss)/ Profit on ordinary activities before taxation		(856,551)	1,409,851
Tax on results from ordinary activities	7	-	-
(Loss)/ Profit for the financial year		(856,551)	1,409,851

Statement of other comprehensive income

For the year ended 31 December 2015

	2015 £	2014 £
(Loss)/Profit for the financial year	(856,551)	1,409,851
Fair value gain in year	-	-
Total comprehensive (expense)/income for the year	(856,551)	1,409,851

The results for the current year and prior year relate to continuing operations.

The Notes to on pages 10 to 16 form an integral part of the Financial Statements.

Kurt Salmon UKI Limited

Balance Sheet As at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	8	26,522	-
Tangible assets	9	15,816	22,211
		<u>42,338</u>	<u>22,211</u>
Current assets			
Debtors	10	942,028	1,857,827
Cash at bank and in hand		345,202	659,089
		<u>1,287,230</u>	<u>2,516,916</u>
Creditors: amounts falling due within one year	11	<u>(7,964,001)</u>	<u>(8,317,009)</u>
Net current liabilities		<u>(6,676,771)</u>	<u>(5,800,093)</u>
Net liabilities		<u>(6,634,433)</u>	<u>(5,777,882)</u>
Capital and reserves			
Called up share capital	12	6,420	6,420
Share premium account		17,013	17,013
Merger reserve arising on group reconstruction		(5,694,136)	(5,694,136)
Profit and loss account		<u>(963,730)</u>	<u>(107,179)</u>
Shareholders' deficit		<u>(6,634,433)</u>	<u>(5,777,882)</u>

The Notes to the Financial Statements on Pages 10 to 16 form an integral part of the Financial Statements.

The financial statements of Kurt Salmon UKI Limited, registered number 01299222 were approved and authorised for issue by the Board of Directors on *31st August* 2016. They were signed on its behalf by:

Signed on behalf of the Board of Directors



C Povey
Director

Kurt Salmon UKI Limited

Statement of Changes in Equity Year Ended 31 December 2015

	Called-up share	Share Premium	Merger Reserve	Profit and loss	Total
Balance at 1 January 2014	6,420	17,013	(5,694,136)	(1,517,030)	(7,187,733)
Total comprehensive income	-	-	-	1,409,851	1,409,851
Balance at 31 December 2014	6,420	17,013	(5,694,136)	(107,179)	(5,777,882)
Total comprehensive loss	-	-	-	(856,551)	(856,551)
Balance at 31 December 2015	6,420	17,013	(5,694,136)	(963,730)	(6,634,433)

Kurt Salmon UKI Limited

Notes to the financial statements Year ended 31 December 2015

1. Accounting policies

The following accounting policies have been applied consistently throughout the current and preceding year in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were prepared in accordance with UK GAAP but are also in accordance with FRS 102. As a result the prior year comparatives in the 2015 financial statements have not needed to be restated as no material adjustments on transition were identified.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, further details can be found in note 15. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report.

The current economic conditions create uncertainty particularly over the level of demand for the Company's services. The Company has not been profitable in 2015 and it was in a net liabilities position at year end therefore it relies on support from the ultimate parent company, Management Consulting Group PLC, and the directors have received written confirmation that the ultimate parent company will continue to provide support for 12 months from the date of approving these financial statements. The directors believe that Management Consulting Group PLC has the financial resources to fulfil this commitment.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Intangible assets and amortisation

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- | | | | |
|---|-------------------|---|---------|
| - | Development costs | - | 3 years |
|---|-------------------|---|---------|

The development costs recognised in 2015 relate to the creation of a specialist 1:1 Retail Experience Centre. The cost capitalised include professional fees from experts in the 1:1 Retail space. We capitalised these costs once the project met the criteria set out by IAS 37 "Intangible Assets":

Kurt Salmon UKI Limited

Notes to the financial statements Year ended 31 December 2015

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	-	3 years
Furniture and fittings	-	3 years

Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at their transaction price (including transaction costs). This includes financial assets and liabilities classified as financing transactions under FRS 102 as the company has opted to apply the recognition and measurement provisions of IAS 39 from the International Financial Reporting Standards (IFRS). This is a permissible accounting policy choice under FRS 102.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

Turnover

Turnover represents the value of services provided to third parties and is stated net of sales taxes. It is recognised when services have been provided and the right to consideration has been earned. When a service has been provided to third parties but no billing made, the amount receivable is estimated and Revenue recognised. This estimate is based on the nature of the service supplied and the terms of the contract.

Pensions

The employees of the Company are eligible to join the Group's defined contribution scheme. The amount charged against profits represents the contributions payable to the scheme in respect of the financial year.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted at 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 an 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.

A 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 that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Kurt Salmon UKI Limited

Notes to the financial statements Year ended 31 December 2015

2. Operating profit

Profit on ordinary activities before taxation is stated after charging:

	2015 £	2014 £
Depreciation	11,752	12,562
Amortisation	2,411	-
	<u>14,163</u>	<u>12,562</u>

Fees payable to the Company's auditor for the audit of the Company's annual accounts pursuant to legislation amount to £25,000 (2014: £11,842), and were borne by the parent company.

3. Remuneration of Directors

The directors did not receive any remuneration in respect of their services to the Company in the current or prior financial year.

4. Staff numbers and costs

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

	2015 No.	2014 No.
Sales & Marketing	1	-
Consultants	24	25
Support staff	4	4
	<u>29</u>	<u>29</u>

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	2,660,467	2,448,840
Social security costs	331,542	314,182
Other pension costs	172,753	148,470
	<u>3,164,762</u>	<u>2,911,492</u>

5. Interest receivable and similar income

	2015 £	2014 £
Exchange gains on foreign currency balances	21,792	57,580

Kurt Salmon UKI Limited

Notes to the financial statements Year ended 31 December 2015

6. Interest payable and similar charges

	2015 £	2014 £
Exchange losses on foreign currency balances	(67,836)	(32,253)

7. Tax credit on (loss)/profit on ordinary activities

	2015 £	2014 £
Tax in respect of current year	-	-
Tax in respect of prior years	-	(4,715)
Tax credit on (loss)/profit on ordinary activities	-	(4,715)

Factors affecting the tax charge for the year:

UK corporation tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable (loss)/profit for the year.

The tax (credit)/charge for the year is less than the (credit)/charge expected by applying the applicable rate for the reasons set out in the following reconciliation:

	2015 £	2014 £
(Loss)/profit on ordinary activities before tax	(856,551)	1,409,851
Expected tax (credit)/charge at 20.25% (2014: 21.5%)	(173,452)	303,118
Factors affecting tax charge:		
Timing difference due to capital allowances	2,868	2,701
Other short term timing differences	(94)	(450)
Non-deductible expenditure	2,045	2,150
Tax losses utilised in the period	-	(307,519)
Tax losses not utilised and carried forward to future periods	168,633	-
Tax credit in respect of prior years	-	(4,715)
Current tax credit	-	(4,715)

The Company has £7.2 million (2014: £6.3 million) of tax losses carried forward, including £5.1 million of losses transferred with the business of Kurt Salmon Associates Limited.

No deferred tax asset has been recognised in respect of these losses as there is insufficient evidence that the asset will be recovered in the near term.

Kurt Salmon UKI Limited

Notes to the financial statements Year ended 31 December 2015

8. Intangible assets

	Development
	Cost
	£
Cost	
At 1 January 2015	-
Additions	28,933
	<hr/>
At 31 December 2015	28,933
	<hr/>
Accumulated depreciation	
At 1 January 2015	-
Charge for the year	(2,411)
	<hr/>
At 31 December 2015	(2,411)
	<hr/>
Net book value	
At 31 December 2015	26,522
	<hr/>
At 31 December 2014	-
	<hr/>

9. Tangible fixed assets

	Computer equipment and furniture fixtures
	£
Cost	
At 1 January 2015	85,224
Additions	5,357
Disposals	(52,980)
	<hr/>
At 31 December 2015	37,601
	<hr/>
Accumulated depreciation	
At 1 January 2015	(63,013)
Charge for the year	(11,752)
Disposals	52,980
	<hr/>
At 31 December 2015	(21,785)
	<hr/>
Net book value	
At 31 December 2015	15,816
	<hr/>
At 31 December 2014	22,211
	<hr/>

Kurt Salmon UKI Limited

Notes to the financial statements Year ended 31 December 2015

10. Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	447,266	802,763
Amounts owed by group undertakings	163,424	160,674
Prepayments	41,054	51,517
Accrued income	287,182	738,244
Other receivables	3,102	104,626
	<u>942,028</u>	<u>1,857,827</u>

Amounts owed by group undertakings are interest free and repayable in part or full at any time.

11. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	90	571,137
Amounts owed to group undertakings	7,531,537	6,702,857
Other taxes and social security	43,315	442,246
Other creditors	7,813	7,642
Deferred income	-	75,784
Intra Group deferred income	5,544	3,424
Accruals	375,702	513,919
	<u>7,964,001</u>	<u>8,317,009</u>

Amounts owed to group undertakings are interest free and repayable in part or full at any time.

12. Share capital

	2015 £	2014 £
Called up, allotted, and fully paid:		
6,420 ordinary shares of £1 each	<u>6,420</u>	<u>6,420</u>

13. Pension scheme

The Company makes payments to a defined contribution pension scheme on behalf of all eligible employees. The pension charge of £172,753 (2014 £148,470) for the year represents contributions payable by the Company to the scheme. The amount outstanding at the end of the financial year was £5,612 (2014: £6,078).

Kurt Salmon UKI Limited

Notes to the financial statements Year ended 31 December 2015

14. Related party transactions

As the Company is a wholly-owned subsidiary of Management Consulting Group PLC, the Company has taken advantage of the exemption contained in Section 33 1A under FRS102 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). There were no other related party transactions requiring disclosure in the current or prior year. The consolidated financial statements of Management Consulting Group PLC, within which this company is included, can be obtained from the address given in note 15.

15. Immediate and ultimate parent company

The immediate and ultimate parent company and controlling party is Management Consulting Group PLC, a company incorporated in United Kingdom and registered in England and Wales.

The smallest and largest group in which the accounts are consolidated is that headed by Management Consulting Group PLC. Copies of the accounts of Management Consulting Group PLC may be obtained at the following address: Management Consulting Group PLC, 10 Fleet Place, London EC4M 7RB.

16. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP on 1 January 2014. No material adjustments were identified on transition from UK GAAP as the prior year financials were also in accordance with FRS 102 and therefore have not needed to be restated.