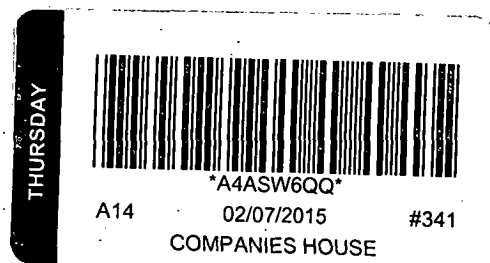


Russell Reynolds Associates Limited
(Registration Number: 03258089)

Directors' Report and Financial Statements

31 December 2014



Russell Reynolds Associates Limited

Directors' Report and Financial Statements for year ended 31 December 2014

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Russell Reynolds Associates Limited

Strategic Report for the year ended 31 December 2014

The directors present their strategic report on the company for the year ended 31 December 2014.

Principal Activities

The Company engages in executive search consultancy and executive assessment. The Company intends to promote its principal activities for the foreseeable future.

Review of the Business

Revenue has increased by 12% on the prior year and this reflects the generally improving market conditions and was seen across most of our business sectors. Expenses, however, have increased by 10% primarily due to a rise in headcount with the number of consultants up 7% year on year. The Company directors utilise key performance indicators to measure performance, development and position of the business. We consider revenue and headcount to be key performance indicators.

As part of a global group we are able to leverage our collective expertise to the benefit of our clients and collaboration across regions is a strategic strength we continue to build on. Board services, succession planning and executive assessment are all areas of strategic focus. Our well established research and knowledge management team continue to grow and provide valuable insight to markets reinforcing our brand.

Principal Risks and Uncertainties

The risk of damage to our reputation and integrity is managed through the selection and training of high calibre employees. We support a strong apprenticeship culture and committed career progression for the retention of key employees. Thus minimising the negative impact to business continuity of staff attrition.

Financial Risks

Due to the nature of the Company's operations, including that the Company largely deals with 'blue-chip' customers, the exposure to price, credit, liquidity and cash flow risk is considered minimal.

Trade debtor risk is distributed over many clients operating in a range of sectors, without concentration on a single client. Trade debtors are reviewed for recoverability and provisions are made for doubtful debts.

On behalf of the Board



James Bichener
Director
25 June 2015

Russell Reynolds Associates Limited

Directors' Report for the year ended 31 December 2014

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

James Bichener
Eric Allen

Results and Dividends

The profit for the financial year was £2,003,121 (2013: £867,400).
The directors have not proposed a dividend (2013: nil).

Charitable Donations

During the year the Company made charitable donations totaling £21,250 (2013: £15,945).

There are three chosen charities which the company supports via direct donations and employee placements. The breakdown of the donations exceeding £200 is shown below:

	£
British Heart Foundation	500
The Princes Trust	750
Lord Browne Charitable Trust	5,000
MacMillan Cancer Support	5,000
Centrepont	5,000
Alzheimers Society	5,000

Russell Reynolds Associates Limited

Directors' Report for the year ended 31 December 2014 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, subject to any material departures disclosed and explained in the financial statements;
- 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.

Statement of disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he 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 auditors are aware of that information.

On behalf of the Board



James Bichener
Director
25 June 2015

Russell Reynolds Associates Limited

Independent auditors' report to the members of Russell Reynolds Associates Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Russell Reynolds Associates Limited, comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year ended 31 December 2014;
- the Statement of Total recognised Gains and Losses for the year then ended;
- the cash flow statement for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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). In applying the financial reporting framework, the directors have made a number of subjective judgments, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Directors' Report and Financial Statements (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.

Russell Reynolds Associates Limited

Independent auditors' report to the members of Russell Reynolds Associates Limited (continued)

Opinion on other matters 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Richard Porter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June 2015

Russell Reynolds Associates Limited

Profit And Loss Account

For The Year Ended 31 December 2014

	<i>Note</i>	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Turnover		44,745	39,914
Cost of sales		(33,952)	(29,842)
Gross Profit		10,793	10,072
Administrative expenses		(10,420)	(10,487)
Other operating income		1,775	1,695
Operating Profit	2	2,148	1,280
Interest receivable and similar income	5	21	11
Interest payable and similar charges	6	(5)	(8)
Net interest payable and similar charges		16	3
Profit On Ordinary Activities Before Taxation		2,164	1,283
Taxation on profit on ordinary activities	7	(161)	(416)
Profit for the Financial Year	14	2,003	867

There are no differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

All operations were continuing during the year.

The profit and loss account and balance sheet have been prepared under the historical cost convention.

Statement of Total Recognised Gains and Losses For The Year Ended 31 December 2014

The Company had no recognised gains or losses during the year other than those reflected in the above profit and loss account.

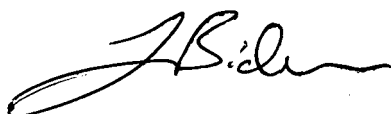
Russell Reynolds Associates Limited

Balance Sheet - 31 December 2014

	<i>Note</i>	2014 £'000	2013 £'000
Fixed Assets			
Tangible assets	8	2,337	2,591
Current Assets			
Debtors	9	15,503	12,944
Cash at bank and in hand		18,613	15,705
		34,116	28,649
Creditors : Amounts falling due within one year	10	(31,014)	(27,804)
Net Current Assets		3,102	845
Total Assets Less Current Liabilities		5,439	3,436
Net Assets		5,439	3,436
Capital And Reserves			
Called up share capital	13	-	-
Share premium account	14	266	266
Profit and loss account	14	5,173	3,170
Total Shareholders' Funds	15	5,439	3,436

The notes on pages 10 to 18 form an integral part of these financial statements.

The financial statements on pages 7 to 18 were approved by the Board of Directors on 25 June 2015 and signed on its behalf by



James Bichener
Director

Company Registration number: 03258089

Russell Reynolds Associates Limited

Cash Flow Statement - 31 December 2014

	<i>Note</i>	2014 £'000	2013 £'000
Net cash inflow from operating activities	16	3,202	3,624
Returns on investment and servicing of finance			
Interest paid		(5)	(8)
Interest received		21	11
Net cash inflow from returns on investment and servicing of finance		16	3
Taxation		(112)	(1,044)
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(198)	(38)
Net cash outflow from capital expenditure and financial investments		(198)	(38)
Increase in cash		2,908	2,545

Reconciliation to Net Cash

	2014 £'000	2013 £'000
Opening net cash	15,705	13,160
Increase in cash	2,908	2,545
Closing net cash	18,613	15,705

Russell Reynolds Associates Limited

Notes to the Financial Statements – 31 December 2014

1 Accounting Policies

The principal accounting policies are as follows:

(a) Basis of Accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(b) Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of fixed assets on a straight-line basis over their estimated useful lives as follows:

Leasehold Improvements & Retirement Obligation	- The lesser of 10% per annum or the remaining Asset length of the lease
Fixtures and fittings	- 10-25% per annum
Computer equipment	- 25-33% per annum

(c) Taxation

Corporation tax payable is calculated on taxable profits at the current rate.

(d) Deferred Taxation

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 net deferred tax asset is recognised 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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Russell Reynolds Associates Limited

Notes to the Financial Statements – 31 December 2014 (continued)

1 Accounting Policies (continued)

(e) Turnover and Recognition of Income

Turnover comprises the net value of billings (excluding VAT) of services supplied in the normal course of business. The company recognises client fees ratably over the expected term of each engagement (generally three to four months). Revenue is deferred for any fees billed but unearned as of the end of the year. Uplift income is only recognised once the successful candidates commence their new employment. Revenue generated from executive assessments is recognised on a work completed basis. The company's activities solely consist of the provision of recruitment services and executive assessment in the United Kingdom.

(f) Pension Costs

The Company runs a defined contribution pension scheme. Contributions are decided annually and charged to the profit and loss account when they arise. Contributions for the year were £1,255,000 (2013: £1,298,000). As at the year-end the Company had £108,841 (2013: £116,117) of unpaid pension contributions.

(g) Operating Leases

Rentals paid under operating leases are charged to income on a straight-line basis over the terms of the leases.

(h) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences on translation are taken to the profit and loss account.

(i) Bad Debt Provision

The bad debt provision policy is to provide for outstanding debts over 4 months old at year end plus any outstanding receivables relating to consultants who are no longer employed by the company that are considered unrecoverable.

Russell Reynolds Associates Limited

Notes to the Financial Statements – 31 December 2014 (continued)

2 Operating Profit

Operating profit is stated after charging:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Depreciation of tangible fixed assets	452	486
Exchange gain on foreign currency transactions	(569)	-
Operating lease rentals - other, principally land and buildings	1,565	1,588
- plant & machinery	27	20
Auditors' remuneration - audit services	45	44
- tax compliance	12	9
- tax advice	18	10

3 Staff Costs

Particulars of employees (including executive directors) are shown below:

(a) Staff costs during the year amounted to:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Wages and salaries	30,324	27,578
Social security costs	4,237	3,756
Other pension costs	1,255	1,298
Other benefits	1,211	960
	37,027	33,592

(b) The average monthly number of persons employed by the Company during the year was as follows:

	Year ended 31 December 2014 Number	Year ended 31 December 2013 Number
Consultants	45	42
Other	105	104
	150	146

Russell Reynolds Associates Limited

Notes to the Financial Statements – 31 December 2014 (continued)

4 Directors' Remuneration

The employee costs shown above include emoluments in respect of directors of the Company as follows:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Emoluments	207	506
Pension contributions	14	13
	221	519

There was 1 director participating in the pension scheme during the year 2014 (2013: 1 director).

The highest paid director's remuneration included:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Emoluments	207	303
	207	303

5 Interest Receivable and Similar Income

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Bank interest receivable	10	11
Other interest receivable	11	-
	21	11

6 Interest Payable and Similar Charges

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Other interest payable	5	8

Russell Reynolds Associates Limited

Notes to the Financial Statements – 31 December 2014 (continued)

7 Taxation on Profit on Ordinary Activities

Taxation on the profit for the year:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Current tax:		
UK corporation tax on profit of the financial year	544	418
Adjustment in respect of previous periods	(379)	61
Total current tax	165	479
Deferred tax:		
Origination and reversal of timing differences	6	(23)
Adjustment in respect of previous years	(10)	(40)
Total deferred tax (note 11)	(4)	(63)
Taxation on profit on ordinary activities	161	416

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

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Profit on ordinary activities before tax	2,164	1,283
Profit/(Loss) on ordinary activities multiplied by standard UK rate 21.5% (2013: 23.25%)	466	299
Effects of:		
Expenses not deductible for tax purposes	84	96
Accelerated capital allowances and other timing differences	(6)	23
Adjustments in respect of previous periods	(379)	61
Current tax charge for the year	165	479

From the 1st April 2014 the standard rate of UK corporation tax changed from 23% to 21%. During the year, as a result of the changes in the UK corporation tax rate to 21 per cent which was substantively enacted on 2 July 2013 and was effective from 1 April 2014; and to 20 per cent which was substantively enacted on 2 July 2013 and effective from 1 April 2015, the relevant deferred tax balances have been remeasured.

A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate to 20 per cent from 1 April 2015. The change was substantively enacted on 2 July 2013 and is therefore recognised in these financial statements.

Russell Reynolds Associates Limited

Notes to the Financial Statements – 31 December 2014 (continued)

8

Tangible Fixed Assets

	Short Leasehold Improvements £'000	Asset Retirement Obligation £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 January 2014	2,316	530	865	923	4,634
Additions	5	-	5	188	198
Disposals	-	-	-	(200)	(200)
At 31 December 2014	2,321	530	870	911	4,632
Accumulated depreciation					
At 1 January 2014	752	122	331	838	2,043
Charge for the year	240	36	80	96	452
Disposals	-	-	-	(200)	(200)
At 31 December 2014	992	158	411	734	2,295
Net book value					
At 31 December 2014	1,329	372	459	177	2,337
At 31 December 2013	1,564	408	534	85	2,591

9

Debtors

	2014 £'000	2013 £'000
Trade debtors	9,842	7,925
Amounts owed by group undertakings	3,916	3,343
Other debtors	58	162
Deferred Tax	54	50
Prepayments and accrued income	1,633	1,464
	15,503	12,944

Russell Reynolds Associates Limited

Notes to the Financial Statements – 31 December 2014 (continued)

10 Creditors: Amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	795	481
Amounts owed to group undertakings	1,230	540
VAT	1,002	1,299
Corporation tax	203	150
Other taxation and social security	482	510
Accruals and deferred income	27,302	24,824
	31,014	27,804

11 Provision for Deferred Tax

	2014 £'000	2013 £'000
Tax effect of timing differences due to: (Excess) / Deficit of capital allowances over depreciation	(19)	4
Other	73	46
Deferred taxation Asset	54	50

	2014 £'000	2013 £'000
Balance as at 1 January	50	(13)
Credit to profit and loss account	4	63
Balance as at 31 December	54	50

12 Operating Leases

At 31 December 2014 the company had commitments under non-cancellable operating leases as set out below:

	2014 £'000	2014 £'000	2013 £'000	2013 £'000
	Land and buildings	Other	Land and buildings	Other
Operating leases which expire:				
Less than one year	-	-	-	-
Between one and five years	-	27	-	20
After more than five years	1,570	-	1,570	-
	1,570	27	1,570	20

Russell Reynolds Associates Limited

Notes to the Financial Statements – 31 December 2014 (continued)

13 Called-Up Share Capital

	2014 Equity £	2013 Equity £
Authorised:		
10,000 (2013: 10,000) Ordinary shares of \$0.01 each	65	65
Allotted, called-up and paid:		
5,000 (2013: 5,000) Ordinary shares of \$0.01 each	32	32

The exchange rate used to convert the share capital is £1:\$1.54.

14 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2014	266	3,170
Profit for the financial year	-	2,003
Dividend distributed	-	-
At 31 December 2014	266	5,173

15 Reconciliation of Movements in Shareholders' Funds For The Year Ended 31 December 2014

	2014 £'000	2013 £'000
At 1 January	3,436	2,569
Profit for the financial year	2,003	867
Dividend distributed	-	-
At 31 December	5,439	3,436

Russell Reynolds Associates Limited

Notes to the Financial Statements – 31 December 2014 (continued)

16 Cash Flow from Operating Activities

Reconciliation of Operating Profit to Net Cash Flow from Operating Activities:

	31 December 2014 £'000	31 December 2013 £'000
Operating profit	2,148	1,280
Depreciation charge	452	486
(Increase)/decrease in debtors	(2,555)	85
Increase in creditors	3,157	1,773
Net cash inflow from operating activities	3,202	3,624

No cash flows occurred in respect of debt or lease financing during the year and the Company had no debt at 31 December 2014.

17 Ultimate Parent Undertaking

The ultimate parent undertaking of Russell Reynolds Associates Limited is Russell Reynolds Associates, Inc., a company registered in the United States of America. This is the parent undertaking of the largest and smallest group to consolidate these Financial Statements. These Financial Statements can be obtained from Russell Reynolds Associates, Inc, 200 Park Avenue, Suite 2300, New York, NY, 10166-000, USA.

18 Related Party Transactions

The company has taken advantage of the convention conferred by Financial Reporting Standards 8 'Related Party Disclosures' not to disclose transactions between entities, where these transactions are between owned subsidiaries of Russell Reynolds Associates, Inc.