

Egon Zehnder Limited

Report and Financial Statements

Year Ended

31 October 2014

Company Number 6981580

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Egon Zehnder Limited

Report and financial statements for the year ended 31 October 2014

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Directors

Andrew Roscoe
Damien O'Brien

Secretary and registered office

Andrew Cuthbertson, Devonshire House, Mayfair Place, London, W1J 8AJ

Company number

6981580

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Egon Zehnder Limited

Strategic report for the year ended 31 October 2014

The directors present their strategic report together with the audited financial statements for the year ended 31 October 2014.

The Firm

Egon Zehnder International was founded in 1964 with a distinctive vision and structure aimed at achieving two basic goals - to place our clients' interests first and to lead our profession in creating value for our clients through the assessment and recruitment of top-level management resources.

The most fundamental expression of our client-first vision resides in our structure, which is unique to our profession. Our 370 consultants, operating from 63 wholly owned offices in 37 countries, are organized around a single-profit centre partnership. This is designed to eliminate competitive barriers between our offices. It allows us to operate seamlessly when engagements call for us to mobilize across many offices in a country or a region.

Large or small, local or global, our clients benefit from our structure by having access to our most relevant resources and relationships wherever they may reside.

Business review

One of the key performance indicators we measure is turnover. We are delighted with an increase of 9% over last year. This has been achieved with the same number of fee earning consultants.

We have seen an improvement in the general market however we are being cautious in our forecasts for 2015 and have targeted growth of 2%.

The general wellbeing of the economy both here in the UK and globally can affect our core business and we see this as the main area of risk to our business.

Our client base has remained solid, consisting of global blue chip companies across all market sectors. We aim to develop this further in 2015.

Approval

This strategic report was approved by order of the Board on 3-12-14



Andrew Cuthbertson

Secretary

Egon Zehnder Limited

Report of the directors for the year ended 31 October 2014

The directors present their report together with the audited financial statements for the year ended 31 October 2014.

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year.

The directors do not recommend the payment of a dividend. Dividends of £Nil (2013 - £Nil) were declared and paid to shareholders during the year.

Principal activities, trading review and future developments

The principal activity of the company is that of executive search. The company also provides other management consultancy services.

Despite the uncertainty in the global economic environment we are pleased with the results for the year.

Charitable and political donations

During the year the company made charitable contributions of £2,700 (2013 - £20,558). There were no political contributions.

Financial risk management

The main financial risks arising from the company's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk, is to require appropriate credit checks on potential customers before sales are made.

The company's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of long term and short term debt finance as required and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate. Debt is maintained at fixed interest rates.

Directors

The directors of the company during the year were:

Andrew Roscoe
Damien O'Brien

No director had any interest in the ordinary shares of the company.

Damien Obrien is a director of the ultimate parent company, Egon Zehnder International AG, and his interest in the share capital of that company are shown in its financial statements.

Egon Zehnder Limited

Report of the directors for the year ended 31 October 2014 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 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). 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 year.

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.

Egon Zehnder Limited

Report of the directors for the year ended 31 October 2014 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 s487(2) they will be automatically re-appointed as auditors 28 days after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

By order of the Board

Andrew Cuthbertson

Secretary



Date

3 December 2014

Egon Zehnder Limited

Independent auditor's report

TO THE MEMBERS OF EGON ZEHNDER LIMITED

We have audited the financial statements of Egon Zehnder Limited for the year ended 31 October 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's website 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 October 2014 and of its profit 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 matters 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.

Egon Zehnder Limited

Independent auditor's report (*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.

BDO LLP

Anthony Perkins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 3/2/14.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Egon Zehnder Limited

Profit and loss account for the year ended 31 October 2014

	Note	2014 £	2013 £
Turnover	2	39,762,043	36,581,965
Administrative expenses		37,594,234	36,206,654
Other operating charges		112,437	141,185
Operating profit	5	2,055,372	234,126
Loss on disposal of fixed assets		-	(4,077)
Profit on ordinary activities before interest and other income		2,055,372	230,049
Other interest receivable and similar income		2,763	2,869
Interest payable and similar charges	6	(5,776)	(3,059)
Profit on ordinary activities before taxation		2,052,359	229,859
Taxation on profit from ordinary activities	7	(482,949)	(103,160)
Profit on ordinary activities after taxation		1,569,410	126,699

All amounts relate to continuing activities.

There were no gains or losses other than those reported in the profit and loss account.

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

Egon Zehnder Limited

Balance sheet at 31 October 2014

<i>Company number 6981580</i>	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	8		772,357		876,542
Current assets					
Debtors	9	14,246,040		12,498,815	
Cash at bank and in hand		3,622,686		3,045,305	
		<u>17,868,726</u>		<u>15,544,120</u>	
Creditors: amounts falling due within one year	10	<u>(9,202,943)</u>		<u>(8,679,958)</u>	
Net current assets			8,665,783		6,864,162
Total assets less current liabilities			9,438,140		7,740,704
Provision for liabilities	11		397,374		269,348
Total net assets			9,040,766		7,471,356
Capital and reserves					
Called up share capital	12		500,000		500,000
Profit and loss account	13		8,540,766		6,971,356
Shareholders' funds - equity			9,040,766		7,471,356

The financial statements were approved by the Board of Directors and authorised for issue on 3/12/14.



Damien O'Brien
Director

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

Egon Zehnder Limited

Cash flow statement for the year ended 31 October 2014

	Note	2014 £	2014 £	2013 £	2013 £
Net cash outflow from operating activities	17		769,795		(30,244)
Returns on investments and servicing of finance					
Interest received		2,763		2,869	
Bank charges		(5,776)		(3,059)	
Net cash outflow from returns on investments and servicing of finance			(3,013)		(190)
Taxation					
UK corporation tax paid		(23,331)		(332,525)	
UK Corporation tax refunded		67,521		-	
			44,190		(332,525)
Capital expenditure and financial investment					
Purchase of tangible fixed assets			(233,591)		(100,164)
Increase/(decrease) in cash	18		577,381		(463,123)

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

Egon Zehnder Limited

Notes forming part of the financial statements for the year ended 31 October 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to external clients at invoiced amounts in accordance with terms agreed with the client less value added tax and adjusted as required to reflect the delivery of services.

Tangible fixed assets

All additions to fixed assets are stated at cost.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	-	over the term of the lease
Furniture and equipment	-	25% - 33 % per annum

Gains and losses on disposal of fixed assets

The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount.

Taxation

The charge for taxation is based on the profit for the year and taken into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Egon Zehnder Limited

Notes forming part of the financial statements for the year ended 31 October 2014 (*continued*)

1 Accounting policies (*continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Pension costs

Contributions to the company's defined contribution pension scheme and employee's personal pension plans are charged to the profit and loss account in the year in which they become payable. The assets of the schemes are held separately in independently administered funds.

Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Egon Zehnder Limited

Notes forming part of the financial statements
for the year ended 31 October 2014 (continued)

3 Employees

	2014 £	2013 £
Staff costs (including directors) consist of:		
Wages and salaries	23,155,377	21,945,679
Social security costs	3,136,484	2,975,404
Other pension costs	1,270,919	1,199,718
	<u>27,562,780</u>	<u>26,120,801</u>
The average number of employees during the year was:	Number	Number
Management	38	38
Staff	80	83
	<u>118</u>	<u>121</u>

At 31 October 2014 £71,925 was owing in relation to the pension contributions (2013 - £41,353).

4 Directors

	2014 £	2013 £
Directors' remuneration consist of:		
Emoluments	723,386	1,199,869
Pension contributions	24,000	24,000
	<u>747,386</u>	<u>1,223,869</u>

There is one director in the Company's defined contribution pension scheme (2013 - one).

	2014 £	2013 £
Highest paid director		
Emoluments	723,386	679,955
Pension contributions	24,000	24,000
	<u>747,386</u>	<u>703,955</u>

Egon Zehnder Limited

Notes forming part of the financial statements for the year ended 31 October 2014 (*continued*)

5 Operating profit

	2014 £	2013 £
This has been arrived at after charging:		
Depreciation	337,776	320,317
Hire of other assets - operating leases	13,292	15,099
Auditors' remuneration - audit	28,400	27,295
- taxation	20,910	18,750
Foreign exchange losses	112,437	141,185

6 Interest payable and similar charges

	2014 £	2013 £
Bank charges	5,776	3,059

7 Taxation on profit from ordinary activities

	2014 £	2013 £
<i>Current tax</i>		
UK corporation tax on profits of the year	478,237	106,303
Adjustments in respect of prior years	(3,314)	14,639
	474,923	120,942
<i>Deferred tax :</i>		
- Origination and reversal of timing differences		(21,816)
- Adjustments in respect of prior periods	8,026	4,034
	482,949	103,160

The tax assessed for the year differs to the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	2,052,359	229,859
Tax on ordinary activities at the standard rate of corporation tax in the UK of 21.83% (2013 - 23.41%)	447,977	53,810
Effects of:		
Expenses not deductible for tax purposes	17,534	18,548
Depreciation on assets not eligible for capital allowances	16,748	14,582
Depreciation in (deficit)/excess of capital allowances	(10,695)	23,148
Other short term timing differences	6,673	(3,785)
Adjustments in respect of previous years	(3,314)	14,639
Current tax charge for year	474,923	120,942

Egon Zehnder Limited

Notes forming part of the financial statements
for the year ended 31 October 2014 (*continued*)

7 Taxation on profit from ordinary activities (*continued*)

Deferred taxation

		Deferred taxation £
At 1 November 2013		29,348
Charged to the profit and loss account		8,026
		<u>37,374</u>
	2014 £	2013 £
Fixed asset timing differences	51,760	38,033
Short term timing differences	(14,386)	(8,685)
	<u>37,374</u>	<u>29,348</u>
Deferred tax liability (note 11)		

8 Tangible assets

	Leasehold Improvements £	Furniture and equipment £	Total £
<i>Cost</i>			
At 1 November 2013	1,744,666	725,207	2,469,873
Additions in the year	-	233,591	233,591
	<u>1,744,666</u>	<u>958,798</u>	<u>2,703,464</u>
<i>At 31 October 2014</i>			
	<u>1,744,666</u>	<u>958,798</u>	<u>2,703,464</u>
<i>Depreciation</i>			
At 1 November 2013	1,034,876	558,455	1,593,331
Provided for the year	209,652	128,124	337,776
	<u>1,244,528</u>	<u>686,579</u>	<u>1,931,107</u>
<i>At 31 October 2014</i>			
	<u>1,244,528</u>	<u>686,579</u>	<u>1,931,107</u>
<i>Net book value</i>			
At 31 October 2014	500,138	272,219	772,357
	<u>500,138</u>	<u>272,219</u>	<u>772,357</u>
<i>At 31 October 2013</i>			
	<u>709,790</u>	<u>166,752</u>	<u>876,542</u>

Egon Zehnder Limited

Notes forming part of the financial statements for the year ended 31 October 2014 (continued)

9 Debtors

	2014 £	2013 £
Trade debtors	12,047,039	11,310,674
Amounts due from parent undertaking	566,067	-
Amounts due from group undertakings	355,056	-
Other debtors	64,673	65,655
Prepayments and accrued income	1,213,205	882,451
Corporation tax	-	240,035
	<u>14,246,040</u>	<u>12,498,815</u>

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	572,308	523,440
Amounts due to parent undertaking	-	42,165
Amounts due to group undertakings	1,405,608	2,286,737
Other taxation and social security	1,836,713	1,489,827
Accruals and deferred income	5,109,236	4,337,789
Corporation Tax	279,078	-
	<u>9,202,943</u>	<u>8,679,958</u>

11 Provision for liabilities

	Deferred taxation £	Dilapidations £	Total £
At 1 November 2013	29,348	240,000	269,348
Charged to the profit and loss account	8,026	120,000	128,026
	<u>37,374</u>	<u>360,000</u>	<u>397,374</u>
At 31 October 2014			

Egon Zehnder Limited

Notes forming part of the financial statements
for the year ended 31 October 2014 (continued)

12 Share capital

	2014 Number	Authorised 2013 Number	2014 £	2013 £
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
	2014 Number	Allotted, called up and fully paid 2013 Number	2014 £	2013 £
Ordinary shares of £1 each	500,000	500,000	500,000	500,000

13 Reserves

	Profit and loss account £
At 1 November 2013	6,971,356
Profit for year	1,569,410
At 31 October 2014	8,540,766

14 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit for the year	1,569,410	126,699
Dividends	-	-
Net additions to shareholders' funds	1,569,410	126,699
Opening shareholders funds	7,471,356	7,344,657
Closing shareholders' funds	9,040,766	7,471,356

Egon Zehnder Limited

Notes forming part of the financial statements for the year ended 31 October 2014 (continued)

15 Commitments under operating leases

As at 31 October 2014, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £	Other 2014 £	Land and buildings 2013 £	Other 2013 £
Operating leases which expire:				
In two to five years	<u>1,785,175</u>	<u>13,292</u>	<u>1,785,175</u>	<u>13,292</u>

16 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Egon Zehnder International AG on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

17 Reconciliation of operating profit to net cash outflow from operating activities

	2014 £	2013 £
Operating profit	2,055,372	234,126
Depreciation	337,776	320,317
(Increase)/decrease in debtors	(1,632,204)	(2,120,044)
Increase/(decrease) in creditors	(111,149)	1,420,357
Increase/(decrease) in provisions	120,000	115,000
	<u>769,795</u>	<u>(30,244)</u>
Net cash inflow/(outflow) from operating activities		

Egon Zehnder Limited

Notes forming part of the financial statements
for the year ended 31 October 2014 (*continued*)

18 Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Increase/(decrease) in cash in the year	577,381	(463,123)
Net funds at beginning of the year	3,045,305	3,508,428
	<hr/>	<hr/>
Net funds at end of the year	3,622,686	3,045,305
	<hr/>	<hr/>

19 Ultimate parent company

At 31 October 2014 the company's ultimate parent company was Egon Zehnder International AG, a company incorporated in Switzerland which is the parent of both the smallest and largest groups of which the company is a member.