

Registered Number 01341295

**HACKETT-REL LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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# **HACKETT-REL LIMITED**

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## **HACKETT-REL LIMITED**

### **Company Information**

<b>Directors</b>	George Hadley Robert Ramirez
<b>Secretary</b>	Frank A Zomerfeld
<b>Company number</b>	01341295
<b>Registered office</b>	Martin House 5 Martin Lane London EC4R 0DP
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU

# **HACKETT-REL LIMITED**

## **Directors' Report for the year ended 31 December 2011**

The Directors present their report and financial statements for the year ended 31 December 2011

### **Principal activities and future developments**

The Company is engaged in the provision of management consultancy services to various organisations across the UK, Ireland, mainland Europe and North America

### **Review of the business**

#### **Overview**

The profit and loss account is set out on page 6 and shows turnover for the year of £33.9m (2010 - £28.1m) and a profit for the year after taxation of £0.5m (2010 - £0.9m)

Turnover has increased for the year due to an increase in trade levels. Turnover by geographical segment is included in note 2 to the financial statements

The directors do not recommend the payment of a dividend

The businesses across Europe have started to see a positive recovery of trade levels in 2012. The future prospects of the business are encouraging as the businesses across Europe anticipate the revenue growth to increase

There have been no events since the balance sheet date which materially affect the position of the Company

#### **Risk Management**

The market for management consultancy remains highly competitive. The Company seeks to manage the risk of losing customers to key competitors by the provision of added value services to customers, improving response times, handling customer queries and by maintaining strong relationships and local representation with key customers

The Company's financial instruments are trade debtors and trade creditors which arise directly from operations

The main financial risks of the Company are liquidity risk and foreign currency risk. In respect of liquidity risk, this risk is reduced as this is managed through the ultimate parent company The Hackett Group Inc. The Company faces some currency risk from its consulting activities in Europe and North America. These currency risks are actively managed by the matching of same currency cashflows. The Company continues to monitor the appropriateness of hedging to manage these exposures

The Company does not ordinarily enter into derivative transactions, such as currency or interest rate swaps, as the Directors consider that interest risk and currency risks are adequately managed without the use of such instruments. However, the Directors will continue to monitor these risks and the appropriateness of such instruments

### **Directors**

The Directors who held office during the year are set out below

George Hadley  
Robert Ramirez

# **HACKETT-REL LIMITED**

## **Directors' Report for the year ended 31 December 2011 (continued)**

### **Directors' responsibility statement in respect of the preparation of financial statements**

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 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 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

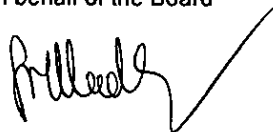
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

### **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 purpose 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.

A resolution to reappoint BDO LLP as auditors was proposed at the 2011 Annual General Meeting.

On behalf of the Board



George Hadley  
Director

26 September 2012

# **HACKETT-REL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HACKETT-REL LIMITED**

We have audited the financial statements of Hackett-REL Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet 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 (APB'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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 2011 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

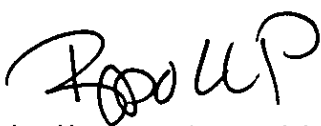
## HACKETT-REL LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HACKETT-REL 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



*Iain Henderson (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London*

*United Kingdom*

*Date 11<sup>th</sup> October 2012*

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

## **HACKETT-REL LIMITED**

### **Profit and Loss Account for the year ended 31 December 2011**

		<b>2011</b>	<b>2010</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>33,852</b>	<b>28,098</b>
<b>Operating expenses</b>		<b>(33,381)</b>	<b>(27,157)</b>
<b>Operating profit</b>	<b>3</b>	<b>471</b>	<b>941</b>
<b>Interest receivable and similar income</b>	<b>4</b>	<b>34</b>	<b>2</b>
<b>Profit on ordinary activities before taxation</b>		<b>505</b>	<b>943</b>
<b>Tax on ordinary activities</b>	<b>7</b>	<b>(44)</b>	<b>(12)</b>
<b>Profit on ordinary activities after taxation and transferred to reserves</b>	<b>13</b>	<b>461</b>	<b>931</b>

There are no recognised gains or losses other than the profit for the current year and prior year. All amounts relate to continuing operations.

The notes on pages 8 to 15 form part of these financial statements.

**HACKETT-REL LIMITED**  
**Balance Sheet as at 31 December 2011**

<b>Company Number</b> 01341295	<b>Note</b>	<b>2011</b> £'000	<b>2010</b> £'000
<b>Fixed assets</b>			
Tangible assets	8	126	61
		<hr/>	<hr/>
		126	61
<b>Current assets</b>			
Debtors	9	15,330	8,999
Cash at bank and in hand		410	761
		<hr/>	<hr/>
		15,740	9,760
<b>Creditors: amounts falling due within one year</b>	10	(20,592)	(15,008)
		<hr/>	<hr/>
<b>Net current (liabilities)</b>		(4,852)	(5,248)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		(4,726)	(5,187)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Other reserve	13	101	101
Profit and loss account	13	(4,927)	(5,388)
		<hr/>	<hr/>
<b>Shareholders' deficit</b>	13	(4,726)	(5,187)
		<hr/>	<hr/>

The financial statements were approved by the Board and authorised for issue on 26 September 2012



George Hadley  
Director

The notes on pages 8 to 15 form part of these financial statements

# HACKETT-REL LIMITED

## Notes to the Financial Statements 31 December 2011

### 1 Accounting policies

#### (a) Basis of Preparation

The financial statements are prepared under the historical cost convention and the accounting policies are unchanged from the prior year

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of The Hackett Group, Inc and its results for the year are included in the statements of the parent company

#### (b) Going concern

As at the year end the company has net current liabilities and total liabilities. However, the ultimate parent company has undertaken to continue to provide such financial support as the company requires for its continued operations for the foreseeable future and as seen the directors consider it appropriate to prepare the company's financial statements on a going concern basis

#### (c) Compliance with accounting standards

The financial statements are prepared in accordance with applicable UK accounting standards

#### (d) Revenue recognition

Revenues on consulting contracts are recognised as the services are performed and amounts are earned, after adjusting for all foreseeable future losses but excluding VAT. Revenues are considered to be earned once evidence is available of an agreement, services are delivered, fees are fixed or determinable and collectability is reasonably assured. Client prepayments (even if non refundable) are deferred and recognised over future periods as services are delivered or performed

Contracts, including incentives related to costs incurred, benefits produced or adherence to schedule may increase the variability in revenues and margins earned. Revenues relating to such incentive payments are recorded in the period in which the contingency is satisfied and acceptance, where applicable, and delivery of agreed benefits have occurred

All European client business is contracted through Hackett-REL Limited. All European group companies charge their services to Hackett-REL Limited under the terms of the relevant Transfer Pricing agreements

#### (e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures & equipment	20% - 50% straight line basis
Leasehold	over the period of the lease

#### (f) Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### (g) Pensions

The pension costs charged in the financial statements represent the contributions payable by the Company to defined contribution schemes during the year. The Company does not maintain any defined benefit pension schemes

# **HACKETT-REL LIMITED**

## **Notes to the Financial Statements 31 December 2011 (continued)**

### **1 Accounting policies (cont )**

#### **(h) Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by temporary timing differences between the treatment of certain items for taxation and accounting purposes at rates enacted or substantially enacted at the balance sheet date. 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 difference. The deferred tax balance has not been discounted.

#### **(i) Foreign currency translation**

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

#### **(j) Related party transactions**

The Company has taken advantage of the exemption in Financial Reporting Standard No 8 from the requirement to disclose related party transactions with entities that are part of the same group and where 100% or more of the voting rights are controlled within the group.

# HACKETT-REL LIMITED

## Notes to the Financial Statements 31 December 2011 (continued)

### 2 Turnover

#### Geographical market

	2011 £'000	2010 £'000
United Kingdom	3,047	3,091
Europe	22,681	18,545
Rest of the world	8,124	6,462
	<u>33,852</u>	<u>28,098</u>

All turnover relates to management consulting

### 3 Operating profit

	2011 £'000	2010 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible assets	63	67
Foreign exchange loss	-	685
Operating lease rentals – Land & Buildings	186	203
Operating lease rentals - Other	16	13
Auditor's remuneration - audit services	<u>55</u>	<u>55</u>

### 4 Interest receivable and similar income

	2011 £'000	2010 £'000
Bank interest	4	2
Foreign exchange gain	30	-
	<u>34</u>	<u>2</u>

## HACKETT-REL LIMITED

### Notes to the Financial Statements 31 December 2011 (continued)

#### 5 Employees

##### Number of employees

The average monthly number of employees (including Directors) during the year was

	2011 Number	2010 Number
Consultants and administration	86	75
<hr/>		
Employment costs	£'000	£'000
Wages and salaries	8,103	6,972
Social security costs	884	739
Other pension costs	163	118
<hr/>		
	9,150	7,829
<hr/>		

#### 6 Directors' emoluments

	2011 £'000	2010 £'000
Emoluments for qualifying services	97	97
Pension contributions to defined contribution schemes	2	2
<hr/>		
	99	99
<hr/>		

## HACKETT-REL LIMITED

### Notes to the Financial Statements 31 December 2011 (continued)

#### 7 Taxation

	2011	2010
	£'000	£'000
<b>Current year tax</b>		
UK corporation tax @ 28% (2010 28%)	-	-
	<u>-</u>	<u>-</u>
<b>Deferred taxation</b>		
Deferred tax for the current year (note 11)	44	12
	<u>44</u>	<u>12</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	505	931
	<u>505</u>	<u>931</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax 28% (2010 28%)	(141)	(261)
Effects of		
Depreciation in excess of capital allowances	(63)	(67)
Tax losses utilised	204	328
	<u>78</u>	<u>294</u>
<b>Current tax credit</b>	-	-

# HACKETT-REL LIMITED

## Notes to the Financial Statements 31 December 2011 (continued)

### 8 Tangible fixed assets

	Short Leasehold	Fixtures & Equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2011	164	158	322
Additions	-	128	128
<b>At 31 December 2011</b>	<b>164</b>	<b>286</b>	<b>450</b>
<b>Depreciation</b>			
At 1 January 2011	112	149	261
Charge for the year	33	30	63
<b>At 31 December 2011</b>	<b>145</b>	<b>179</b>	<b>324</b>
<b>Net book value</b>			
At 31 December 2011	19	107	126
At 31 December 2010	52	9	61

### 9 Debtors

	2011 £'000	2010 £'000
<b>Amounts due within one year</b>		
Trade debtors	3,615	4,327
Amounts owed from group companies	10,376	3,973
Prepayments, accrued income & other debtors	1,299	615
	<b>15,290</b>	<b>8,915</b>
<b>Amounts due after more than one year</b>		
Deferred taxation (note 11)	40	84
	<b>15,330</b>	<b>8,999</b>

## HACKETT-REL LIMITED

### Notes to the Financial Statements 31 December 2011 (continued)

#### 10 Creditors, amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	218	256
Corporation tax	3	3
Other taxation and social security	367	328
Accruals and deferred income	1,540	1,634
Amounts owed to group companies	18,464	12,787
	<hr/>	<hr/>
	20,592	15,008
	<hr/>	<hr/>

The company has various loans with other group companies and one loan with its ultimate parent. The amount due to The Hackett Group Inc of \$11.4m (£7.4m) is repayable on demand, and in the event that this sum is not paid in full on demand any unpaid amounts carry interest at 5% until paid in full.

#### 11 Deferred taxation asset

	2011 £'000	2010 £'000
At 1 January	84	96
Deferred tax (charge) for the year	(44)	(12)
	<hr/>	<hr/>
	40	84
	<hr/>	<hr/>
Representing:		
Accelerated capital allowances	40	84
	<hr/>	<hr/>

The value of the tax losses carried forward at 31 December 2011 is £4.4m (2010 - £4.9m) on which no deferred tax asset is recognised. This is because the short term profit prospects for the business are limited due to the current global environment. However, the directors believe the medium to long term prospects for the business are good.

#### 12 Share capital

	2011 £'000	2010 £'000
Allotted, called up and fully paid 100,000 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

# HACKETT-REL LIMITED

## Notes to the Financial Statements 31 December 2011 (continued)

### 13. Statement of movements in shareholders deficit

	Share capital £'000	Other reserves £'000	Profit and Loss Account £'000	Total Shareholders Deficit £'000
At 31 December 2010	100	101	(5,388)	(5,187)
Profit for the financial year	-	-	461	461
At 31 December 2011	100	101	(4,927)	(4,726)

### 14 Financial commitments

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases expiring as follows

	Between 2 and 5 years	
	2011 £'000	2010 £'000
Land & Buildings	106	197
Other	10	14
	116	211

### 15 Ultimate Parent Company

The immediate parent company is REL Consultancy Group Limited, incorporated in England & Wales. The Directors consider that the ultimate parent undertaking of this Company is The Hackett Group Inc, incorporated in Florida, USA.

The smallest and largest group of undertakings for which group accounts have been drawn up is that headed by The Hackett Group Inc, incorporated in Florida, USA.

Copies of the group accounts can be obtained from The Hackett Group Inc, 1001 Brickell Bay Drive, Suite 3000, Miami, Florida 33131, USA.