

Registered Number: 05349489

THE HACKETT GROUP LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**



THE HACKETT GROUP LIMITED

Contents

	Page
Company Information	1
Directors' report	2
Independent auditor's report	3
Statement of income and retained earnings	4
Statement of financial position	5
Notes to the Financial Statements	6 - 12

THE HACKETT GROUP LIMITED

Company Information

Directors	George Hadley Robert Ramirez Frank A Zomerfeld
Secretary	Frank A Zomerfeld
Company Number	05349489
Registered Office	Martin House 5 Martin Lane London EC4R 0DP
Auditors	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

THE HACKETT GROUP LIMITED

Directors' report for the year ended 31 December 2016

The directors present their annual report together with the audited financial statements for the year ended 31 December 2016.

Principal activities

The Company is the holding company for REL Consultancy Group Ltd and its subsidiaries, the principal activity of which is the provision of management consultancy services. This will continue for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015 - £Nil).

Directors

The directors of the company during the year were:

George Hadley
Robert Ramirez
Frank A Zomerfeld

Directors' responsibility statement in respect of the preparation of the 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 company 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 group and company and of the profit or loss of the group and 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;
- 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.

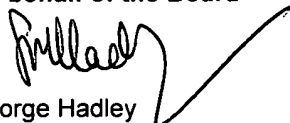
Auditors

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 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.

A resolution to reappoint RSM UK Audit LLP as auditors will be proposed at the 2017 Annual General Meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the Board



George Hadley
Director

Date: 28 September 2017

THE HACKETT GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HACKETT GROUP LIMITED

Opinion on financial statements

We have audited the financial statements on pages 4 to 12. 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".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

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 <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter 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 and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 2, 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.

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.

RSM UK Audit LLP

David Clark (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 28 September 2017

THE HACKETT GROUP LIMITED

Statement of Income and Retained Earnings for the year ended 31 December 2016

		2016	2015
	Note	£000	£000
Operating expenses		-	7
Operating profit		-	7
Interest payable and similar charges	5	(2,332)	(861)
Loss on ordinary activities before taxation		(2,332)	(854)
Taxation	6	-	-
Loss on ordinary activities after taxation		(2,332)	(854)
Retained earnings at 1 January		(5,607)	(4,753)
Retained earnings at 31 December		(7,939)	(5,607)

There were no recognised gains and losses for either year other than the profit for the year as shown above. Accordingly, no Statement of Comprehensive Income has been presented.

All amounts relate to continuing operations

The notes on pages 6 to 12 form part of these financial statements.


THE HACKETT GROUP LIMITED

Statement of Financial Position as at 31 December 2016

Company number 05349489

		2016	2015
	Note	£000	£000
Fixed assets			
Investments	7	17,879	17,879
Current assets			
Cash at bank and in hand		3	3
		<u>3</u>	<u>3</u>
Creditors: amounts falling due within one year	8	<u>(15,033)</u>	<u>(12,701)</u>
Net current liabilities		<u>(15,030)</u>	<u>(12,698)</u>
Total assets less current liabilities		2,849	5,181
Creditors: amounts falling due after more than one year	9	<u>(4,859)</u>	<u>(4,859)</u>
Net assets		<u>(2,010)</u>	<u>322</u>
Capital and reserves			
Called up share capital	10	-	-
Share premium account		1,809	1,809
Other reserve		4,120	4,120
Profit and loss account		<u>(7,939)</u>	<u>(5,607)</u>
Total equity		<u>(2,010)</u>	<u>322</u>

The financial statements were approved by the Board and authorised for issue on 28 September 2017.


 George Hadley
 Director

The notes on pages 6 to 12 form part of these financial statements.

THE HACKETT GROUP LIMITED

Notes to the financial statements for the year ended 31 December 2016

1. ACCOUNTING POLICIES

(a) General information

The Hackett Group Limited (the "company") is a private company limited by shares, domiciled and incorporated in England and Wales (05349489). The address of the Company's registered office and principal place of business is Martin House, 5 Martin Land, London EC4R 0DP. The company's principal activities are given in the Directors' Report.

(b) Basis of accounting

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

(c) Consolidated financial statements

The company has taken advantage of the exemption in section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, as it is a wholly owned subsidiary of The Hackett Group Inc, a company incorporated in USA. Consequently, these financial statements present the financial position and financial performance of the company as a single entity

(d) Going concern

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 such the directors consider it appropriate to prepare the company's financial statements on a going concern basis.

(e) Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the company.

(f) Foreign exchange

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

All translation differences are taken to profit or loss.

Exchange differences arising from foreign currency borrowing are presented as interest payable and similar charges to the extent that they are regarded as an adjustment to interest costs.

(g) Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss

THE HACKETT GROUP LIMITED

Notes to the financial statements for the year ended 31 December 2016 (continued)

(h) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

THE HACKETT GROUP LIMITED

Notes to the financial statements for the year ended 31 December 2016 (continued)

(i) Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

THE HACKETT GROUP LIMITED

Notes to the financial statements for the year ended 31 December 2016 (*continued*)

2. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The recoverable amount of investment balances and amounts due from or to group undertakings is based on actual amounts. These values are assessed every year and assumptions are made of their recoverability.

Critical areas of judgement

The critical areas faced by the company is deemed to be the recoverability of the investment balances held in the company's subsidiary undertakings. Management make judgements on a regular basis to mitigate the risk of any unidentified provisions.

Impairment of assets

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance.

3. Operating Profit

The auditors remuneration is settled by a subsidiary company being Hackett-REL Limited.

4. Employees

The Company did not employ any employees during the year (2015 - Nil) and none of the directors received any remuneration from the company in respect of their services.

5. Interest payable and similar charges

	2016 £000	2015 £000
Foreign exchange loss on group balances	2,017	546
Interest on loan from parent undertaking	315	315
	<hr/>	<hr/>
	2,332	861

THE HACKETT GROUP LIMITED

Notes to the financial statements for the year ended 31 December 2016 (*continued*)

6. Taxation

The taxation charge comprises:

	2016 £000	2015 £000
Current year tax		
UK corporation tax at 20% (2015 – 20.25%)	-	-

The value of the tax losses carried forward at 31 December 2016 is £2,726k (2015 - £2,621k), due to the intercompany use of group relief the balance has slightly increased. There is a potential deferred tax asset of approximately £545k (2015: £524k) which has not been recognised due to the uncertainty concerning the timescale as to its recoverability.

Factors affecting tax charge for future periods

The main corporation tax rate was reduced to 19% with effect from 1 April 2017.

A further reduction to the UK corporation tax was announced in the 2016 Autumn statement. The charge, which is expected to be enacted separately, proposes to reduce the rate to 17% on 1 April 2020.

THE HACKETT GROUP LIMITED

Notes to the financial statements for the year ended 31 December 2016 *(continued)*

7. Investments

Cost:	£000
At 1 January and 31 December 2016	17,879

The company owns 100% of the ordinary share capital of the following subsidiaries:

Name	Country of incorporation	Principal Activity
REL Consultancy Group Ltd	England & Wales	Intermediate Holding Co.
Hackett-REL Ltd*	England & Wales	Management Consultancy
Resource Evaluation Ltd*	England & Wales	Dormant
Resource Evaluation SAS*	France	Management Consultancy
REL Consultancy Group SL*	Spain	Management Consultancy
REL Consultancy Group GmbH*	Germany	Dormant
REL Consultancy Group SRL*	Italy	Dormant
REL Consultancy PTE Limited*	Singapore	Dormant
The Hackett Group Kft*	Hungary	Management Consultancy

*held indirectly

8. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Amounts due to group companies	15,033	12,701
	15,033	12,701

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

	2016	2015
	£000	£000
Amounts due to ultimate parent undertaking	4,859	4,859

The company has a loan with the ultimate parent undertaking of £4,859,418 which carries interest at 6.5% and following an amendment to the loan signed on 29th September 2010 is repayable in full by 15th November 2025 and therefore all amounts due are more than 5 years.

THE HACKETT GROUP LIMITED

Notes to the financial statements for the year ended 31 December 2016 (*continued*)

10. Share capital and reserves

	2016	2015
Alloted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Reserves

Reserves of the company represent the following:

Share premium

Premium on shares issued.

Other reserve

This reserve relates to historic acquisitions.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

11. Ultimate parent company undertaking and ultimate controlling party

The Directors consider that the ultimate parent undertaking and ultimate controlling party 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.