

Registered number: 6043240

Heidrick & Struggles (UK) Finance Company Limited

**Directors' report and financial statements
for the year ended 31 December 2021**



Heidrick & Struggles (UK) Finance Company Limited

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Heidrick & Struggles (UK) Finance Company Limited

Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company is the pooling of the liquid assets of Heidrick & Struggles International, Inc.'s European operations to be invested or to be loaned to participating countries as required.

Business review

The business operates with three aims:

- i) To hold surplus funds of Heidrick & Struggles International, Inc.'s European operations. At the end of the year, the company held €22.6m (2020: €21.0m) of group assets. All European entities, where possible, had contributed the funds;
- ii) To safeguard those assets whilst making the highest return that minimises exposure of assets to risk; and
- iii) To minimise exchange rate gains and losses. To this end the company sought throughout the year to match the currencies of both assets and liabilities.

Financial instruments

The company invests according to investment guidelines approved by Heidrick & Struggles International, Inc. In the year to 31 December 2021, the company has held all funds in either:

- i) Bank current accounts; and
- ii) Money market funds, which offer a stable net assets value by holding a broad range of fixed income products through to maturity and daily liquidity.

Key performance indicators

Given the nature of the company's business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the performance or position of the company.

Results and dividends

The profit for the financial year, after taxation, amounted to €885,064 (2020: loss of €799,011).

The directors do not recommend the payment of a dividend (2020: €Nil).

Directors

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

S Bondi (appointed 27 August 2021)
M M Cullen (appointed 27 August 2021, resigned 13 May 2022)
T Heaton (appointed 16 May 2022)
C Baderman (resigned 27 August 2021)
K Coar (resigned 30 June 2021)

Heidrick & Struggles (UK) Finance Company Limited

Directors' report (continued) for the year ended 31 December 2021

Principal risks and uncertainties

The principal risks and uncertainties affecting the company are considered to be:

- i) currency exposures arising from the retranslation of amounts due from and to group companies including payments due to group companies in the short term. The company's interest income and interest payable and cash flows can be affected by movements in exchange rates in general and the Euro rate in particular. The company's transactional currency exposure arises from loans in currencies other than its functional currency; and
- ii) interest rate risk arising from the loans due from and to group companies. The company monitors the level of borrowings and related finance income / (costs) recognising that interest rates are subject to fluctuations.

The company monitors the impact of these risks as part of its review of the company's performance.

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the directors and the company secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy has been maintained by the Heidrick & Struggles International, Inc. group throughout the financial year.

Inflation

The impact of economic matters that have arisen in 2022, in particular rising inflation, on the regional and global economy remains uncertain and is difficult to assess in terms of duration and severity. For these financial statements, the recent economic matters are considered to be non-adjusting events and consequently there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2021. The company will continue to monitor market conditions and to evaluate the potential impact, if any, on its operations going forward.

War in Ukraine

The invasion of Ukraine by Russia on 24 February 2022 has led to significant sanctions against Russia. The company has no ongoing exposures to, or investments in, Russian-related interests, and the conflict is not expected to have any impact on the company at this time.

Brexit risk

Following the UK leaving the EU, additional arrangements are being agreed between the UK and EU which may have an impact on trading. The company has considered the wider regulatory and legal implications of these changes within these statutory financial statements and will continue to do so.

Heidrick & Struggles (UK) Finance Company Limited

Directors' report (continued) for the year ended 31 December 2021

COVID -19

The Coronavirus (COVID-19) pandemic has significantly impacted global economies, resulting in decreased demand of products, more volatile asset prices, workforce and travel restrictions, supply chain and production disruptions and currency exchange rates. The UK government has taken stringent steps to help contain or delay the spread of the virus. The company is mindful that the risks of COVID-19 still exist with the potential emergence of new variants of the virus.

The company expects that the overall adverse impact of COVID-19 will be reduced going forward due to the wide vaccination of the majority of the population and ongoing advances in the vaccine-related technology. The company does not expect significant disruption to the future services being delivered or to the company's anticipated future performance and strategic direction.

Taking into account the assessment of the impact on the company above, the directors are of the view, to the best of their current knowledge, that COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 audited financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the audited 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 to enable them to ensure that the audited 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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Heidrick & Struggles (UK) Finance Company Limited

Directors' report (continued) for the year ended 31 December 2021

Auditor

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23/09/22

2022 and signed on its behalf.

Stephen A. Bondi

S Bondi
Director

40 Argyll Street
London
W1F 7EB

Independent auditor's report to the members of Heidrick & Struggles (UK) Finance Company Limited

Opinion

We have audited the financial statements of Heidrick & Struggles (UK) Finance Company Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern. for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of Heidrick & Struggles (UK) Finance Company Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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
- 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 material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Independent auditor's report to the members of Heidrick & Struggles (UK) Finance Company Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Independent auditor's report to the members of Heidrick & Struggles (UK) Finance Company Limited (continued)

The extent to which the audit was considered capable of detecting irregularities, including fraud (Continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur' including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The audit engagement team identified the risk of management override of controls the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Hywel Pegler

Hywel Pegler (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Senior Statutory Auditor
Chartered Accountants
Second Floor
1, The Square
Temple Quay
Bristol
BS1 6DG

27/09/22

2022

Heidrick & Struggles (UK) Finance Company Limited

Profit and loss account for the year ended 31 December 2021

	Note	2021 €	2020 €
Administrative expenses		(199,768)	(109,764)
Operating loss	5	(199,768)	(109,764)
Interest receivable and similar income	8	1,525,369	409,629
Interest payable and similar expenses	9	(232,929)	(1,284,839)
Profit / (loss) before tax		1,092,672	(984,974)
Tax on profit / (loss)	10	(207,608)	185,963
Profit / (loss) for the financial year		885,064	(799,011)

All the company's results relate to continuing operations.

The company has no other comprehensive income for the year ended 2021 or 2020 other than those stated above and therefore no separate other comprehensive income has been presented.

The notes on pages 12 to 20 form an integral part of these financial statements.

Heidrick & Struggles (UK) Finance Company Limited

Registered number: 6043240

Balance sheet at 31 December 2021

	Note	2021 €	2020 €
Current assets			
Debtors	11	22,593,049	20,957,008
Cash at bank and in hand	12	56,593	18,065
		<u>22,649,642</u>	<u>20,975,073</u>
Creditors: amounts falling due within one year	13	(12,859,413)	(12,069,908)
Net current assets		<u>9,790,229</u>	<u>8,905,165</u>
Net assets		<u>9,790,229</u>	<u>8,905,165</u>
Capital and reserves			
Called up share capital	15	1	1
Capital contribution reserve	16	13,614,927	13,614,927
Retained earnings		(3,824,699)	(4,709,763)
Total equity		<u>9,790,229</u>	<u>8,905,165</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 9 to 20 were approved and authorised for issue by the board of directors on 23/09/22 2022 and were signed on its behalf by:

Stephen A. Bondi

S Bondi
Director

The notes on pages 12 to 20 form an integral part of these financial statements.

Heidrick & Struggles (UK) Finance Company Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital	Capital contribution reserve	Retained earnings	Total equity
	€	€	€	€
At 1 January 2021	1	13,614,927	(4,709,763)	8,905,165
Profit for the financial year	-	-	885,064	885,064
At 31 December 2021	<u>1</u>	<u>13,614,927</u>	<u>(3,824,699)</u>	<u>9,790,229</u>

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Capital contribution reserve	Retained earnings	Total equity
	€	€	€	€
At 1 January 2020	1	13,614,927	(3,910,752)	9,704,176
Loss for the financial year	-	-	(799,011)	(799,011)
At 31 December 2020	<u>1</u>	<u>13,614,927</u>	<u>(4,709,763)</u>	<u>8,905,165</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

Heidrick & Struggles (UK) Finance Company Limited

Notes to the financial statements for the year ended 31 December 2021

1. General information

The company pools the liquid assets of Heidrick & Struggles International, Inc.'s European operations to be invested or to be loaned to participating countries as required.

The company is a private company, limited by shares, incorporated and domiciled in England and Wales and its registered office is 40 Argyll Street, London, W1F 7EB.

2. Statement of compliance

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including "Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 4).

The following principal accounting policies have been applied:

The directors have taken advantage of the small companies exemption from the requirement to prepare a strategic report.

3.2 Going concern

The financial statements have been prepared on a going concern basis. The company is dependent on continuing finance being made available by its ultimate parent company Heidrick & Struggles International, Inc., to enable it to continue operating and to meet its liabilities as they fall due. The ultimate parent company has agreed to provide sufficient funds to the company for these purposes. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

3.3 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Heidrick & Struggles (UK) Finance Company Limited

Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise investments in money market managed funds.

3.5 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.6 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Heidrick & Struggles (UK) Finance Company Limited

Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.7 Share capital

Ordinary shares are classified as equity and recorded at the value of consideration received.

3.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

3.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.10 Interest receivable and similar income

Interest income is recognised in the profit and loss account using the effective interest method.

Interest receivable from group companies and other interest receivable is recognised in the year on an accruals basis.

Heidrick & Struggles (UK) Finance Company Limited

Notes to the financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.12 Related party transactions

As the company is a wholly owned subsidiary undertaking of Heidrick & Struggles B.V., a subsidiary undertaking of Heidrick & Struggles International, Inc., the company has taken advantage of the exemption available under FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group.

Heidrick & Struggles (UK) Finance Company Limited

Notes to the financial statements for the year ended 31 December 2021

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements management makes certain judgements and estimates that impact the financial statements. While these judgements are continually reviewed the facts and circumstances underlying these judgements may change resulting in a change to the estimates that could impact the results of the company.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates 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 addressed below.

(a) Carrying value of amounts owed by group undertakings

The company makes an estimate of the recoverable value of amounts owed by group undertakings.

5. Operating loss

The operating loss is stated after charging:

	2021 €	2020 €
Auditor's remuneration - audit of these financial statements	<u>15,000</u>	<u>10,500</u>

6. Employee information

The company had no employees during the year (2020: None).

7. Directors' remuneration

The directors did not receive or waive any emoluments in respect of their services for the year ended 31 December 2021 (2020: €Nil).

8. Interest receivable and similar income

	2021 €	2020 €
On loans to group undertakings	402,543	409,613
Bank interest receivable	-	16
Net exchange gains	1,122,826	-
	<u>1,525,369</u>	<u>409,629</u>

Heidrick & Struggles (UK) Finance Company Limited

Notes to the financial statements for the year ended 31 December 2021

9. Interest payable and similar expenses

	2021 €	2020 €
On loans from group undertakings	232,929	253,891
Net exchange losses	-	1,030,948
	<u>232,929</u>	<u>1,284,839</u>

10. Tax on profit / (loss)

	2021 €	2020 €
Corporation tax		
Uk corporation tax charge on profit / (loss) for the year	207,608	(186,300)
Adjustments in respect of prior years	-	337
Total current tax	<u>207,608</u>	<u>(185,963)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit / (loss)	<u>207,608</u>	<u>(185,963)</u>

Heidrick & Struggles (UK) Finance Company Limited

Notes to the financial statements for the year ended 31 December 2021

10. Tax on profit / (loss) (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 €	2020 €
Profit / (loss) before tax	1,092,672	(984,974)
Profit / (loss) multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	207,608	(187,145)
Effects of:		
Deferred tax not provided	-	845
Adjustments in respect of prior periods	-	337
Total tax charge / (credit) for the year	207,608	(185,963)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

11. Debtors

	2021 €	2020 €
Amounts owed by group undertakings	22,064,251	20,428,210
Group relief debtor	528,798	528,798
	22,593,049	20,957,008

The amounts owed by group undertakings are unsecured and repayable on demand.

12. Cash at bank and in hand

	2021 €	2020 €
Cash at bank and in hand	56,593	18,065

Heidrick & Struggles (UK) Finance Company Limited

Notes to the financial statements for the year ended 31 December 2021

13. Creditors: amounts falling due within one year

	2021 €	2020 €
Amounts owed to group undertakings	12,804,778	12,031,770
Corporation tax	20,110	14,433
Accruals and deferred income	34,525	23,705
	<u>12,859,413</u>	<u>12,069,908</u>

The amounts owed to group undertakings are unsecured and repayable on demand.

14. Financial instruments

	2021 €	2020 €
Financial assets		
Financial assets that are debt instruments measured at amortised cost:		
- Amounts owed by group undertakings	<u>22,064,251</u>	<u>20,428,210</u>
Financial liabilities		
Financial liabilities measured at amortised cost:		
- Amounts owed to group undertakings	<u>12,804,778</u>	<u>12,031,770</u>

15. Called up share capital

	2021 €	2020 €
Allotted, called up and fully paid		
1 ordinary share of €1	<u>1</u>	<u>1</u>

16. Capital contribution reserve

The capital contribution reserve relates to capital advanced to fund the company's European operations.

17. Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Heidrick & Struggles International, Inc., group.

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Notes to the financial statements for the year ended 31 December 2021

18. Immediate parent company and ultimate parent company

The company's immediate parent company is Heidrick & Struggles B.V.

The company's ultimate parent company is Heidrick & Struggles International, Inc., which is incorporated in the USA. Copies of the consolidated financial statements of Heidrick & Struggles International, Inc., which include the company, can be obtained from 233 South Wacker Drive, Suite 4900, Chicago, Illinois, USA.