

EMPLOYMENT CONDITIONS ABROAD LIMITED

(Registered number 01030127)

ANNUAL REPORT

YEAR ENDED 31st MAY 2013

FRIDAY



A2KPWWPT

A34

08/11/2013

#261

COMPANIES HOUSE

BDO LLP

EMPLOYMENT CONDITIONS ABROAD LIMITED
ANNUAL REPORT
YEAR ENDED 31st MAY 2013

Contents

	Page
Directors, officers and registered office	1
Chairman's statement, financial results and pension funds	2
Directors' report	4
Directors' responsibilities	6
Independent auditor's report	7
Group profit and loss account	9
Group statement of total recognised gains and losses	10
Group balance sheet	11
Company balance sheet	12
Group cashflow statement	13
Notes to the financial statements	15

**EMPLOYMENT CONDITIONS ABROAD LIMITED
DIRECTORS, OFFICERS AND REGISTERED OFFICE
YEAR ENDED 31st MAY 2013**

Directors

Mr R P Cutler (Chairman)
Mr G J Burkart
Ms H G Kemp
Mr H M Lister
Ms A Macleod
Mr M Proffitt
Mr A B Shaw

Secretary

Ms A Morton

Registered office

New Brook Buildings
16 Great Queen Street
London
WC2B 5DG

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

**EMPLOYMENT CONDITIONS ABROAD LIMITED
CHAIRMAN'S STATEMENT
YEAR ENDED 31st MAY 2013**

Chairman's statement

I am delighted to be writing my first Chairman's statement in a year that has seen significant change and challenge in the world economy as well as closer to home at ECA

Despite the continuing political stand-off in the US, the economy has turned the corner and is showing signs of sustained growth. While it is essential that the world's largest economy should enjoy renewed prosperity, the market's panic reaction to an end of the low US interest rate era drained money from the emerging market currencies. This over-reaction has concentrated attention on the Brazilian and Indian economies causing issues for their Governments and difficulties for IHR departments moving people across developing countries. Once again, businesses' exchange rate policies have come under critical review.

The Eurozone 'crisis' rumbles on, with the next chapter being influenced by the result of the recent German elections. The uncertainty caused by the Euro weakness has had a notably dampening effect on the ambitions and outlook of many of ECA's clients. With Japan adopting a 'weak currency' strategy, it seems unlikely that the Euro will wish to regain its strength in the near future. As the Euro is ECA's largest billing currency, last year's weakness had a distinct impact on results.

Beyond the global economic factors, ECA has also seen significant internal change during the year. Having returned the Senior Management Team to its full complement with the addition of Daniela Weiss in May 2012, the company had to manage the retirements of both Connal Rankin as Chairman and Ian Ridgwell as Managing Director. I am pleased to report that both roles have been filled with minimal disruption to the business.

I would like to take this opportunity to record the Board's thanks to both Connal and Ian for their significant contributions to ECA over many years.

Our new Managing Director, Andrew Shaw, joined ECA on 1 August 2013. Andrew has considerable experience of international subscription-based licensing businesses and joins us from The Associated Press where he was VP Commercial, EMEA & Asia. Earlier in his career, he spent five years living and working in Tokyo so has a very personal understanding of the importance and value of ECA's activities.

Aside from changes to the leadership, the other major issue to be resolved during the financial year was the ECA Defined Benefit Pension Scheme. The Triennial valuation took place in April 2012, and, as expected under current Pension Regulator guidelines, showed a very considerable deficit. The administration surrounding pension schemes – especially the methodology of valuations, revaluations, audit analysis and final negotiation – is increasingly costly and time-consuming. The eventual agreement that ECA would make an immediate payment of £1m into the scheme with a further eight annual payments of £150k is, I believe, a very good solution for both pensioners and the company and I would like to thank the trustees for their sustained input during the year. As another sign of the 'changing of the guard' both the Actuary to the scheme and the Chairman of the Trustees are retiring this year. Having secured an agreement for the next three years, the company is now researching the optimum way to manage the pension scheme in the future.

I am pleased to report that the company continued its product development throughout the year. Further improvements to the ECAEnterprise system were made and the updates to make the website more interactive continued. The Global Perspective papers have proven a great success with over 14,000 downloads during the year and a new Economics Blog has been added. The latter development will enable followers to understand what are likely to become challenges and causes of concern for their international assignees.

Although the headline financial result is a record profit before tax, the underlying picture requires a certain amount of explanation. Turnover fell by £158k in the year which is a direct result of the weakness of the Euro. On a like-for-like currency base, the company's turnover was static. This turnover weakness combined with the additional costs of search consultants and fees associated with the pension scheme settlement led to a drop in the operating profit.

**EMPLOYMENT CONDITIONS ABROAD LIMITED
CHAIRMAN'S STATEMENT
YEAR ENDED 31st MAY 2013**

However, the company sold some of its investment portfolio and generally benefited from the strong rally on stock markets across the world. The result is a record profit before tax. The accounting treatment of pension contributions requires them to be dealt with 'below the line' and allows the majority of the contributions to be set against corporation tax. The result, I am delighted to report, is also a record post tax profit.

Finally, I would like to thank everyone at ECA for their hard work and congratulate them on the highly impressive cash flow performance.

Financial results

The year 2012-13 saw a difficult trading environment and the weakening of ECA's billing currencies. This meant turnover reduced slightly for the year and subscription income felt recessionary pressures as companies continued to tighten their belts. Despite this the balance sheet remained healthy due to two main contributory factors: the elimination of the FRS 17 pension shortfall under this year's assumptions, and a solid improvement in ECA's current assets as a result of a reduced number of debtors and a strong cash flow.

The recovery in global stock markets afforded ECA the dual benefit of being able to fund the recovery plan for the ECA defined benefit scheme (ECARBS) and the maintenance of a strong investment portfolio, which contributed to deliver a record year for profit before tax. The heavy investment into ECARBS further gave ECA a substantial tax advantage in the profit after tax line. The Board has recommended an increased dividend of £90.00 per share. This reflects the continued strong financial performance of the company during a period of extreme global challenges.

Pension funds

The year was dominated by the finalisation of the plan for recovery from the April 2012 triennial valuation. At that time, the scheme was valued at the low point of yields and therefore the liabilities were correspondingly magnified. Without knowing whether these low yields will be the 'new normal', the regulator has not allowed any relaxing of assumptions. A final agreement was reached to pay £1.0 million in the reported financial year with a further eight annual payments of £150,000 from 2014.

The combination of the company's one-off contribution of £1.0 million, required under the agreed recovery plan, and a small reversal in yields seen this year has moved the FRS 17 valuation back to positive territory. Unfortunately, as a closed scheme this cannot be recognised in the balance sheet. It does, however, fully unwind the £1.1 million deficit seen in last year's balance sheet.

The company's Defined Contribution scheme remains popular and the company is preparing for auto-enrolment at its staging date in July 2014.

**EMPLOYMENT CONDITIONS ABROAD LIMITED
DIRECTORS REPORT
YEAR ENDED 31st MAY 2013**

The directors have pleasure in submitting to the shareholders their forty-second annual report and financial statements for the year ended 31 May 2013

Principal activities, business review and future developments

Employment Conditions Abroad Limited ("ECA") is the parent company of a group of companies, the principal activity of which is the continuous collection, analysis, updating and distribution of information on all aspects of international employment. The group also provides consultancy services and application software.

A review of the group's performance, as well as the development of the business of the group during the year, the position of the group at the end of the year and likely future developments, together with a description of the principal risks and uncertainties facing the group, is contained in the information provided in the Chairman's statement on page 2.

Financial instruments

The group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

ECA undertakes forward contracts to mitigate exchange risks. These contracts are only taken against known currency flows and represent less than 50% of the income in any currency.

Results and dividends

The results for the year are shown in the group profit and loss account on page 9. The directors are recommending a dividend of £90.00 (2012 - £80.61) per ordinary share.

Directorate

The names of the directors who served during the year and subsequently are as follows:

Mr R P Cutler (appointed Chairman on 13 February 2013)
Mr G J Burkart
Ms H G Kemp
Mr H M Lister
Ms A Macleod
Mr M Proffitt (appointed on 15 November 2012)
Mr J C S Rankin (retired on 12 February 2013)
Mr A B Shaw (appointed 1 August 2013)
Mr I S Ridgwell (retired on 24 September 2013)

Mr I S Ridgwell served as an Executive Director during the year and will be succeeded by Mr A B Shaw.

**EMPLOYMENT CONDITIONS ABROAD LIMITED
DIRECTORS' REPORT
YEAR ENDED 31st MAY 2013**

Political and charitable contributions

The group has not made any political or charitable contributions during the year (2012 - £NIL)

Supplier payment policy

The company has subscribed to the CBI Prompt Payers Code and endeavours to ensure that its suppliers' agreed credit terms are complied with

Awareness of relevant audit information

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

By order of the Board of directors



R P Cutler
Chairman

16 October 2013

EMPLOYMENT CONDITIONS ABROAD LIMITED DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual 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 group and 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMPLOYMENT CONDITIONS ABROAD LIMITED

We have audited the financial statements of Employment Conditions Abroad Limited for the year ended 31 May 2013 which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and company balance sheets, the group 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 group's and the parent company's affairs as at 31 May 2013 and of the group's 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 annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EMPLOYMENT CONDITIONS ABROAD LIMITED**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



David Pomfret (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

16 October 2013

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

EMPLOYMENT CONDITIONS ABROAD LIMITED
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MAY 2013

	<u>Notes</u>	<u>2013</u> <u>£000</u>	<u>2012</u> <u>£000</u>
Turnover	2	11,589	11,747
Cost of sales and services		(8,201)	(7,913)
Gross profit		3,388	3,834
Administrative expenses		(2,108)	(1,990)
Operating profit		1,280	1,844
Gain / (loss) on sale of investments		520	(95)
Interest and dividends receivable	3	445	83
Net pension finance (loss) / gain		(29)	72
Profit on ordinary activities before taxation	4	2,216	1,904
Tax on profit on ordinary activities	5		
Corporation tax		(224)	(442)
Deferred tax		124	(9)
Deferred tax on pension contributions		(238)	(77)
		(338)	(528)
Profit for the financial year	13	1,878	1,376

All amounts relate to continuing activities


EMPLOYMENT CONDITIONS ABROAD LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31st MAY 2013

	<u>2013</u> £000	<u>2012</u> £000
Profit for the financial year	1,878	1,376
Gain / (loss) on foreign currency translation	26	(142)
Actuarial gain / (loss) relating to the pension scheme	479	(1,772)
UK deferred tax attributable to actuarial (gain) / loss	(110)	425
Total recognised gains / (losses) relating to the year	<u>2,273</u>	<u>(113)</u>

**REGISTERED NUMBER - 01030127
EMPLOYMENT CONDITIONS ABROAD LIMITED
GROUP BALANCE SHEET
YEAR ENDED 31st MAY 2013**

	<u>Notes</u>	<u>2013</u> <u>£000</u>	<u>2012</u> <u>£000</u>
FIXED ASSETS			
Tangible assets	6	1,269	1,569
Investments	7	13	13
		<u>1,282</u>	<u>1,582</u>
CURRENT ASSETS			
Debtors	8	2,881	3,243
Investments	9	3,881	4,017
Cash at bank and in hand		6,478	4,856
		<u>13,240</u>	<u>12,116</u>
CREDITORS			
Amounts falling due within one year	10(a)	(6,423)	(6,457)
NET CURRENT ASSETS		<u>6,817</u>	<u>5,659</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,099</u>	<u>7,241</u>
CREDITORS			
Amounts falling due after more than one year	10(b)	(6)	(29)
NET PENSION LIABILITY	18	-	(1,102)
NET ASSETS		<u>8,093</u>	<u>6,110</u>
CAPITAL AND RESERVES			
Called up share capital	12	4	4
Capital redemption reserve		2	2
Profit and loss account	13	8,087	6,104
EQUITY SHAREHOLDERS' FUNDS	14	<u>8,093</u>	<u>6,110</u>

Approved by the Board of Directors and authorised for issue on 16 October 2013 and signed on their behalf by


R P Cutler

Chairman

REGISTERED NUMBER - 01030127
EMPLOYMENT CONDITIONS ABROAD LIMITED
COMPANY BALANCE SHEET
31st MAY 2013

	<u>Notes</u>	<u>2013</u> <u>£000</u>	<u>2012</u> <u>£000</u>
FIXED ASSETS			
Tangible assets	6	1,269	1,569
Investments	7	13	13
		<hr/>	<hr/>
		1,282	1,582
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	8	3,155	3,421
Investments	9	3,881	4,017
Cash at bank and in hand		6,352	4,763
		<hr/>	<hr/>
		13,388	12,201
CREDITORS			
Amounts falling due within one year	10(a)	(6,269)	(6,220)
		<hr/>	<hr/>
NET CURRENT ASSETS		7,119	5,981
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,401	7,563
		<hr/>	<hr/>
CREDITORS			
Amounts falling due after more than one year	10(b)	(6)	(29)
NET PENSION LIABILITY	18	-	(1,102)
		<hr/>	<hr/>
NET ASSETS		8,395	6,432
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	12	4	4
Capital redemption reserve		2	2
Profit and loss account	13	8,389	6,426
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		8,395	6,432
		<hr/>	<hr/>

Approved by the Board of Directors and authorised for issue on 16 October 2013 and signed on their behalf by


R P Cutler

Chairman

EMPLOYMENT CONDITIONS ABROAD LIMITED
GROUP CASHFLOW STATEMENT
31st MAY 2013

	<u>Notes</u>	<u>2013</u> £000	<u>2012</u> £000
Net cash inflow from operating activities	(a)	1,389	1,844
Returns on investments and servicing of finance			
Interest received		30	29
Dividends received		206	206
		236	235
Taxation			
Taxation paid		(463)	(321)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(126)	(512)
Equity dividends paid		(279)	(283)
		(405)	(795)
Management of liquid resources			
Receipts from sale of current financial assets		1,083	342
Payments to acquire current financial assets		(738)	(477)
		345	(135)
Financing			
Purchase of own shares		-	(44)
Increase in cash		1,102	784
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		1,102	784
Cash (inflow) / outflow from increase in liquid resources		(345)	135
Change in net funds resulting from cash flows		757	919
Non-cash movements		729	(247)
Movement in net funds		1,486	672
Net funds at 1 st June 2012		8,873	8,201
Net funds at 31st May 2013	(b)	10,359	8,873

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE GROUP CASHFLOW STATEMENT
31st MAY 2013

	<u>2013</u> £000	<u>2012</u> £000		
(a) Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit	1,280	1,844		
Depreciation	424	359		
Loss on disposal of tangible fixed assets	2	5		
Movements in foreign exchange	26	(142)		
Decrease / (increase) in debtors	455	(682)		
Increase in creditors	202	710		
FRS 17 charge less contributions	(1,000)	(250)		
	<hr/>	<hr/>		
Net cash inflow from operating activities	1,389	1,844		
	<hr/>	<hr/>		
(b) Analysis of changes in net funds				
	At 1 st June <u>2012</u> £000	<u>Cash flow</u> £000	<u>Other changes</u> £000	At 31 st May <u>2013</u> £000
Cash in hand and at bank	4,856	1,102	520	6,478
Current asset investments	4,017	(345)	209	3,881
	<hr/>	<hr/>	<hr/>	<hr/>
	8,873	757	729	10,359
	<hr/>	<hr/>	<hr/>	<hr/>

Other changes in the analysis of changes in net funds includes £209,000 relating to movements in the provision for diminution in the valuation of current asset investments and a further £520,000 relating to profit recognised on disposal of certain current asset investments

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

1 ACCOUNTING POLICIES

a) Basis of consolidation

The financial statements, which have been prepared under the historical cost convention and in accordance with applicable accounting standards, consolidate the financial statements of the company and its subsidiaries made up to 31 May 2013. As permitted by s408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements.

No disclosure has been made of transactions between the parent and subsidiary undertakings in accordance with the exemptions allowed by FRS 8 Related Party Disclosures ("FRS 8").

b) Tangible fixed assets

Tangible fixed assets are stated at cost less provisions for depreciation and any provision for impairment. Depreciation on tangible fixed assets is charged so as to write them off on a straight line basis over their expected useful lives at the following rates:

Furniture, fixtures and equipment -	10% to 20% of cost per annum
Web-site development costs -	20% of cost per annum

Assets under the course of construction are not depreciated until the asset is brought into use.

c) Investments

Fixed asset investments are stated at cost less any provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

d) Taxation

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

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using a full provision basis in accordance with the provisions set out in FRS 19 Deferred Tax ("FRS 19"). Deferred tax assets are only recognised when they arise from timing differences where their recoverability is regarded as more likely than not. Deferred tax balances are not discounted.

e) Turnover

Turnover represents amounts receivable for goods and services provided during the period in the normal course of business, net of trade discounts, VAT and other sales related taxes. Fees received in advance are credited to revenue on a time-apportionment basis.

f) Foreign currency

Transactions in foreign currencies are recorded at the prevailing rate on the date the transaction occurred. Exchange differences arising are included as an exchange gain or loss. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates is included as an exchange gain or loss in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are included as an exchange gain or loss in the statement of total recognised gains and losses.

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

1 ACCOUNTING POLICIES (continued)

g) Operating leases

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

h) Pension costs and other post retirement benefits

The group operates The Employment Conditions Abroad Limited Retirement Benefits Scheme which is a defined benefit arrangement. The scheme is now closed to future accrual.

In accordance with FRS 17 Retirement Benefits ("FRS 17") the group only recognise a net pension asset to the extent that it is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. Where a net pension asset or liability is recognised, it is done so net of the related deferred tax. The changes in scheme assets and liabilities, based on actuarial advice are recognised as follows:

- The current service cost, based on the most recent actuarial valuation, is deducted in arriving at operating profit
- The interest cost, based on the present value of scheme liabilities and the discount rate at the beginning of the year and amended for changes in scheme liabilities during the year, is included as interest
- The expected return on scheme assets, based on the fair value of scheme assets and expected rates of return at the beginning of the year and amended for changes in scheme assets during the year, is included in interest
- Actuarial gains and losses, representing differences between the actuarial assumptions underlying the scheme liabilities and actual experience during the year, and changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses
- Past service costs are spread evenly over the period in which the increases in benefit vest and are deducted in arriving at operating profit. If an increase in benefits vests immediately, the cost is recognised immediately
- Gains and losses arising from settlements or curtailments not covered by actuarial assumptions are included in operating profit
- Any calculated pension scheme assets which cannot be recognised in the balance sheet are provided for in either the profit and loss account or the statement of total recognised gains and losses, depending on the nature of the limitation of the pension scheme surplus

The company also operates a defined contribution scheme. The charge represents the contributions payable by the company in the period.

i) Liquid resources

Cash includes net cash in hand and bank deposits repayable on demand or within one working day and liquid resources include all of the group's other bank deposits and current asset investments.

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

2 TURNOVER

The geographical analysis of group turnover by client location is as follows

	<u>2013</u> £000	<u>2012</u> £000
United Kingdom	3,686	3,643
Continental Europe	5,232	5,523
Rest of the World	2,671	2,581
	<hr/> 11,589 <hr/>	<hr/> 11,747 <hr/>

3 INTEREST AND DIVIDENDS RECEIVABLE

	<u>2013</u> £000	<u>2012</u> £000
Interest receivable	30	29
Dividends receivable	206	206
Movement in provision for diminution in value of investments	209	(152)
	<hr/> 445 <hr/>	<hr/> 83 <hr/>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING

	<u>2013</u> £000	<u>2012</u> £000
Depreciation	424	359
Directors' emoluments (note 15)	341	325
Auditors' remuneration		
- audit services	37	36
- non-audit services	25	32
Operating leases - land and buildings	446	469
- other	3	3
Loss on disposal of fixed assets	2	5
	<hr/>	<hr/>

5 TAXATION

	<u>2013</u> £000	<u>2012</u> £000
(a) The tax charge for the year comprises		
United Kingdom corporation tax	200	425
Overseas taxation	-	-
Tax attributable to franked investment income	26	21
Adjustments in respect of previous periods	(2)	(4)
	<hr/>	<hr/>
Total current tax (see 5(b))	224	442
Deferred tax	(124)	9
Deferred tax on pension contributions	238	77
	<hr/>	<hr/>
Tax on profit on ordinary activities	338	528
	<hr/>	<hr/>

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

5	TAXATION (continued)	2013	2012
		£000	£000
	(b) Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	2,216	1,904
	Group profit on ordinary activities multiplied by standard rate of corporation tax rate of 23.83% (2012 – 25.67%)	528	489
	Expenses not deductible for tax purposes	75	4
	Capital loss on disposal of investments	-	24
	Short term timing differences	(149)	38
	Effect of pension contributions	(145)	(83)
	Difference between depreciation and capital allowances	40	(8)
	Effect of indexation on capital gains	(102)	-
	Untaxed income	(48)	(52)
	Tax attributable to franked investment income	26	21
	Current year losses	1	13
	Adjustments in respect of previous periods	(2)	(4)
	Current tax charge for the year	224	442
6	TANGIBLE FIXED ASSETS		
		Furniture fixtures and equipment £000	Web-site development costs £000
	Group and Company		Total £000
	Cost		
	At 1 st June 2012	1,556	1,284
	Additions	66	60
	Disposals	(193)	-
	At 31 st May 2013	1,429	1,344
	Depreciation		
	At 1 st June 2012	772	499
	Charge for the year	172	252
	Disposals	(191)	-
	At 31 st May 2013	753	751
	Net book value		
	As at 31 st May 2013	676	593
	As at 31 st May 2012	784	785

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

7	FIXED ASSET INVESTMENTS	£000
	Company	
	Cost	
	At 1 st June 2012	591
	Disposal	(34)
		<hr/>
	At 31 st May 2013	557
	Amounts provided	
	At 1 st June 2012	(578)
	Disposal	34
		<hr/>
	At 31 st May 2013	(544)
	Net book value	
	At 1 st June and 31 st May	13
		<hr/> <hr/>

The company has disposed of its 50% holding in ECA China for £NIL proceeds

a) Subsidiary undertakings

<u>Name</u>	<u>Principal country of operation</u>	<u>Country of incorporation or registration</u>	<u>Nature of business</u>	<u>Company holding %</u>	<u>Cost less provision £</u>
ECA International LLC	USA	USA	Advisory services	100	-
ECA Limited	-	UK	Dormant	100	-
ECA International Limited	Hong Kong	Hong Kong	Advisory services	100	-
ECA International Pty	Australia	Australia	Advisory services	100	-

b) Investment

The company's holding of £13,000 in the issued share capital of ECA Italia Srl represents 10%

8	DEBTORS	Group		Company	
		2013	2012	2013	2012
		£000	£000	£000	£000
	Amounts owed by subsidiary undertakings	-	-	402	353
	Fees outstanding	1,786	2,170	1,717	2,068
	Other debtors	145	117	144	108
	Prepayments and accrued income	849	948	791	892
	Corporation tax repayable	-	8	-	-
	Deferred tax (see note 11)	101	-	101	-
		<hr/>	<hr/>	<hr/>	<hr/>
		2,881	3,243	3,155	3,421
		<hr/>	<hr/>	<hr/>	<hr/>

Included within prepayments is an amount of £275,000 (2012 - £275,000) in respect of a rent deposit which is due after more than one year

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

9 INVESTMENTS

Group and Company	2013		2012	
	Cost	Market	Cost	Market
	£000	value	£000	value
		£000		£000
Listed on the London International Stock Exchange				
Other investments	3,919	5,788	4,264	5,449
	<u>3,919</u>	<u>5,788</u>	<u>4,264</u>	<u>5,449</u>
Provision for diminution in value	(38)	-	(247)	-
	<u>3,881</u>	<u>5,788</u>	<u>4,017</u>	<u>5,449</u>

10 CREDITORS

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
a) Amounts falling due within one year.				
Amounts due to subsidiary undertakings	-	-	85	-
Trade creditors	617	752	613	747
Corporation tax	-	247	-	247
Other taxes and social security costs	392	440	385	422
Other creditors	169	140	145	134
Accruals	1,441	1,372	1,237	1,164
Fees received in advance	3,804	3,506	3,804	3,506
	<u>6,423</u>	<u>6,457</u>	<u>6,269</u>	<u>6,220</u>

Included within other creditors is an amount of £145,000 (2012 - £134,000) in respect of dividends which have yet to be paid to the shareholders, with £16,000 (2012 - £21,000) of this balance relating to dividends voted prior to the authorisation of the prior period's financial statements

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
b) Amounts falling due after more than one year.				
Members' loan account	6	6	6	6
Deferred tax (see note 11)	-	23	-	23
	<u>6</u>	<u>29</u>	<u>6</u>	<u>29</u>

Contributions by members held on loan account are interest-free and are repayable only on the winding-up of the company and, in such an event, will rank as deferred creditors

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

11 DEFERRED TAX

	<u>Group</u> £000	<u>Company</u> £000
1 st June 2012	(23)	(23)
Movement during the year	124	124
	<hr/>	<hr/>
31 st May 2013	101	101
	<hr/>	<hr/>

The amounts provided for deferred taxation and the amounts not provided are set out below

	<u>Group</u> Un-provided 2013 £000	Un-provided 2012 £000	<u>Group and</u> Company Provided 2013 £000	Group and Company Provided 2012 £000
Deferred tax asset arising from trading losses	244	186	-	-
Difference between accumulated depreciation and capital allowances	-	-	(23)	(64)
Short term timing differences	-	-	124	41
	<hr/>	<hr/>	<hr/>	<hr/>
	244	186	101	(23)
	<hr/>	<hr/>	<hr/>	<hr/>

The un-provided deferred tax asset in the group will be recoverable if the group generates trading profits in the appropriate entities in due course. In addition the company has capital losses available for offset against future capital profits amounting to £NIL (2012 - £289,000)

12 SHARE CAPITAL

	<u>2013</u> £	<u>2012</u> £
Group and Company		
Allotted, issued and fully paid		
Ordinary shares of £1 each	3,600	3,600
	<hr/>	<hr/>

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

13 RESERVES	<u>Group</u> £000	<u>Company</u> £000
Profit and loss account		
1 st June 2012	6,104	6,426
Profit for the year	1,878	1,884
Gain on foreign currency translation	26	-
Equity dividends payable	(290)	(290)
Actuarial gain on pension scheme	479	479
Deferred tax on actuarial gain	(110)	(110)
	<hr/>	<hr/>
31 st May 2013	8,087	8,389
	<hr/>	<hr/>

The group's profit on ordinary activities after taxation for the year includes a profit of £1,884,000 (2012 - £1,327,000) attributable to the holding company

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2013</u> £000	<u>2012</u> £000
Group		
Opening shareholders' funds	6,110	6,557
Profit for the year	1,878	1,376
Equity dividends payable	(290)	(290)
Other recognised gains and losses relating to the year	395	(1,489)
Purchase of own shares	-	(44)
	<hr/>	<hr/>
Closing shareholders' funds	8,093	6,110
	<hr/>	<hr/>

15 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

	<u>2013</u> £000	<u>2012</u> £000
The remuneration of the directors was as follows		
Emoluments	341	325
Pension contributions	22	21
	<hr/>	<hr/>
The remuneration disclosed above includes the following in respect of the highest paid director		
Emoluments	257	249
Pension contributions	22	21
	<hr/>	<hr/>

The highest paid director's accrued annual benefit under the pension scheme at the year end was £NIL (2012 - £NIL)

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

15 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION (continued)

a) Pension

The number of directors who were members of the pension scheme was as follows

	<u>2013</u> Number	<u>2012</u> Number
Defined contribution scheme	<u>1</u>	<u>1</u>

b) Employee numbers

The average number of persons employed by the group during the year, including the executive director, was

	<u>2013</u> Number	<u>2012</u> Number
Administration	9	8
Services	84	83
	<u>93</u>	<u>91</u>

c) Staff costs, including directors' emoluments, were.

	<u>2013</u> £000	<u>2012</u> £000
Salaries	4,460	4,270
Social security costs	472	454
Pension costs	345	343
Medical and health costs	90	82
	<u>5,367</u>	<u>5,149</u>

16 DIVIDENDS PAYABLE

	<u>2013</u> £000	<u>2012</u> £000
Dividends paid during the year	145	177
Year end dividend creditor	145	113
	<u>290</u>	<u>290</u>

The directors are recommending a dividend of £90 00 (2012 - £80 61) per ordinary share, totaling £324,000 (2012 - £290,196) in aggregate

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

17 FUTURE COMMITMENTS

At 31 May 2013 the group had annual commitments under non-cancellable operating leases as follows

	<u>2013</u>		<u>2012</u>	
	<u>Land and buildings</u> £000	<u>Other</u> £000	<u>Land and buildings</u> £000	<u>Other</u> £000
Expiry date				
Within one year	58	-	-	-
Between one and two years	-	-	58	-
Between two and five years	-	3	-	3
After five years	469	-	469	-
	<hr/>	<hr/>	<hr/>	<hr/>

18 PENSIONS

The company made contributions to the defined contribution scheme that it operates of £345,000 (2012 - £343,000) and it also sponsors The Employment Conditions Abroad Limited Retirement Benefits Scheme. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2012. The scheme has been updated on an approximate basis to 31 May 2013.

The contributions made by the employer over the financial year to the defined benefit scheme have been £1,000,000 (2012 - £250,000). The best estimate of contributions to be paid by the company to the scheme for the period beginning after 31 May 2013 is £150,000 (2012 - £250,000).

The defined benefit pension scheme is closed to future accrual and the company is no longer able to recognise a defined benefit pension asset, should one arise, due to the surplus not being recognisable under FRS 17.

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

18 PENSIONS (continued)

The principal assumptions used were

	<u>2013</u> % pa	<u>2012</u> % pa	<u>2011</u> % pa
Inflation (RPI)	3.20	2.70	3.30
Inflation (CPI)	2.30	n/a	n/a
Salary increases	n/a	n/a	4.20
Rate of discount	4.70	4.20	5.30
Allowance for revaluation of deferred pensions of RPI or 5% p a if less	n/a	2.70	3.30
Allowance for revaluation of deferred pensions of CPI or 5% p a if less	2.30	n/a	n/a
Allowance for revaluation of deferred pensions of CPI or 2.5% p a if less	2.30	n/a	n/a
Allowance for pension in payment increases of RPI or 5% p a if less	3.20	2.70	3.30
Allowance for commutation of pension for cash at retirement (% of post A day)	80%	80%	80%

The mortality assumptions adopted at 31 May 2013 imply the following life expectancies at age 65

Male currently age 45	22.63
Female currently age 45	25.14
Male currently age 65	21.34
Female currently age 65	23.61

Present values of scheme liabilities, fair value of assets and surplus

	<u>2013</u> £000	<u>2012</u> £000	<u>2011</u> £000
Fair value of scheme assets	11,545	10,325	9,744
Present value of scheme liabilities	(10,955)	(11,775)	(9,311)
Pension surplus / (deficit)	590	(1,450)	433
Unrecognisable surplus	(590)	-	(433)
Deferred tax	-	348	-
Net pension deficit to be recognised	-	(1,102)	-

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	<u>2013</u> £000	<u>2012</u> £000
Scheme liabilities at start of period	11,775	9,311
Interest cost	494	492
Actuarial (gains) / losses	(1,139)	2,067
Benefits paid, death in service insurance premiums	(175)	(95)
Scheme liabilities at end of period	10,955	11,775

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

18 PENSIONS (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets

	<u>2013</u> <u>£000</u>	<u>2012</u> <u>£000</u>
Fair value of scheme assets at start of period	10,325	9,744
Expected return on scheme assets	465	564
Actuarial losses	(70)	(138)
Contributions by employer	1,000	250
Benefits paid, death in service insurance premiums	(175)	(95)
	<hr/>	<hr/>
Fair value of scheme assets at end of year	11,545	10,325
	<hr/>	<hr/>

The actual return on the scheme assets over the period ended 31 May 2013 was £395,000 (2012 - £426,000)

Total (expense) / gain recognised in profit and loss account

	<u>2013</u> <u>£000</u>	<u>2012</u> <u>£000</u>
Interest cost	(494)	(492)
Expected return on scheme assets	465	564
	<hr/>	<hr/>
Total (expense) / gain recognised in profit and loss account	(29)	72
	<hr/>	<hr/>

Statement of total recognised gains and losses

	<u>2013</u> <u>£000</u>	<u>2012</u> <u>£000</u>
Difference between expected and actual return on scheme assets		
Amount loss	(70)	(138)
Experience gains and losses arising on the scheme liabilities		
Amount loss	(299)	(183)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities		
Amount gain / (loss)	1,438	(1,884)
Effect of limit on amount of surplus recognised due to some of the surplus not being recognised		
Amount (loss) / gain	(590)	433
	<hr/>	<hr/>
Total amount recognised in statement of total recognised gains and losses	479	(1,772)
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is a loss of £4,521,000 (2012 - £5,000,000)

EMPLOYMENT CONDITIONS ABROAD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MAY 2013

18 PENSIONS (continued)

The assets of the scheme were:

	<u>2013</u> £000	<u>2012</u> £000	<u>2011</u> £000
Equities	2,425	2,209	1,771
Cash and other	1,000	-	242
Insurance policy	8,120	8,116	7,731
	<hr/> 11,545 <hr/>	<hr/> 10,325 <hr/>	<hr/> 9,744 <hr/>

None of the fair values of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by, the company

Expected long term rates of return

The long term expected rate of return on cash is determined by reference to long term expected gilt rates at the balance sheet dates. The long term expected rate of return on equities is determined by reference to UK long dated government bond yields at the balance sheet date with an allowance for out-performance. The long term expected return on insurance policy is based on the target asset allocation of the policy.

The expected long term rates of return applicable at the start of each period are as follows

	<u>2013</u> % pa	<u>2012</u> % pa
Equities	5.60	7.00
Cash	2.40	3.90
Insurance policy	4.00	5.50
Overall for scheme	4.30	5.70

	<u>2013</u> £000	<u>2012</u> £000	<u>2011</u> £000	<u>2010</u> £000	<u>2009</u> £000
Fair value of scheme assets	11,545	10,325	9,744	9,426	8,120
Present value of scheme liabilities	10,955	11,775	9,311	8,762	6,812
Surplus / (deficit) in scheme	590	(1,450)	433	664	1,308
Experience adjustment on scheme liabilities	(299)	(183)	(71)	378	(3)
Experience adjustment on scheme assets	(70)	(138)	15	(105)	(144)