

Limited Liability Partnership Registration No. OC359103 (England and Wales)

THE BOSTON CONSULTING GROUP UK LLP

Members' Report And Financial Statements

For The Year Ended 31 March 2018

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THE BOSTON CONSULTING GROUP UK LLP

Members' Report

For the year ended 31 March 2018

The members present their report on the affairs of the entity, together with the audited financial statements and independent auditors' report, for the year ended 31 March 2018.

Principal activities and review of business

The principal activity of the partnership continues to be that of the provision of management consultancy services.

Turnover from professional services for the financial year was £270,809,302 (2017: £266,845,756). The profit for the financial year available for discretionary division amongst members was £85,751,255 (2017: £85,693,548).

The management consultancy market is competitive and the services required by our clients, who operate in an increasingly complex and global economy, are ever changing. Our ability to serve our clients is dependent on our innovative ideas and the quality of our consulting staff. As a result, we continue to dedicate significant resources to the development and enhancement of our strategic thinking, as well as to the training of our staff. Both are key investments in the business and an integral part to its continuing success.

The Boston Consulting Group UK LLP's (BCG UK LLP) performance is also subject to certain risks associated with both the local and global economies. The external environment continues to be marked by uncertainty globally, as we are in a period of significant political change. In times of economic expansion, management consulting firms experience strong growth. However, geopolitical factors and economic uncertainty can impact year on year performance. While it is impossible to eliminate completely the repercussions associated with economic uncertainty, we believe the deep and long standing relationships with our clients can help mitigate any negative impact while we continue to focus on delivering long-term value to our clients.

Given BCG UK LLP's continuing investment in its people, its brand and its unique relationship with many of its clients, we are confident that BCG UK LLP will maintain its current level of turnover in the future.

Given the straightforward nature of the business, BCG UK LLP's members are of the opinion that analysis of key performance indicators is not necessary as the disclosures within the financial statements give a clear and accurate view of the development, performance and position of the business.

Future developments

The members of BCG UK LLP believe that continued investment in service development, thought leadership and its people is the best way to advance the organisation and deliver sustained financial performance.

Designated members

Designated members are those members specified as such in the membership agreement, as required under the 2000 Act. Designated members perform certain duties in relation to the legal administration of BCG UK LLP that would, for a company, be performed by the secretary or directors. The designated members (as defined in the Limited Liability Partnership Act 2000) of BCG UK LLP during the year and up to the date of signature of the financial statements were:

Boston Consulting Group Limited (The)
BCG UK1 Limited

THE BOSTON CONSULTING GROUP UK LLP

Members' Report (Continued)

For the year ended 31 March 2018

Profit allocation and members' drawings

Members are required to provide capital contributions in accordance with the membership agreement, which they provide interest free. Capital is only repaid to members after they cease to be members of BCG UK LLP.

Profits are allocated each year as and when it is determined that sufficient profit is available. The final allocation of profits to those who are members during the financial year occurs following the finalisation of the annual financial statements of the group. As is permitted by the Limited Liability Partnership Regulations and BCG UK LLP Members' Agreements, allocated profits may not necessarily represent all the profits arising in a particular financial year, if the Remuneration Committee considers it appropriate to retain profits or allocate profits previously retained. Unallocated amounts are in "Members' other interests".

During the year, members receive monthly drawings, and from time to time, additional profit distributions. The level and timing of the additional distributions is decided by the Remuneration Committee, taking into account the cash requirements of BCG UK LLP for operating and investing activities. The drawings represent a proportion of their expected profit share and are made in 12 monthly instalments net of withholding tax. Any over distribution of profits during the year is recoverable from members.

In the balance sheet, the amounts shown as "Total members' interests" relate to amount due to and from members of BCG UK LLP.

Charitable donations

Charitable donations in the year amounted to £23,704 (2017: £30,379).

Employees

The group is committed to employment policies which follow best practice and are based on equal opportunities for all employees, irrespective of sex, race, colour, disability, religion/beliefs, age or marital status. The group give full and fair consideration to applications for employment from disabled persons, having regard for their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues their employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group is considered important. The group encourages the involvement of employees by means of regular employee meetings.

Financial risk management

Boston Consulting Group Limited (The) and BCG UK1 Limited are both members of BCG UK LLP, and are ultimately controlled by The Boston Consulting Group Inc. (the 'group'). The policies set by the group's board of directors are implemented by BCG UK LLP's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage liquidity and interest rate risk, currency risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these. BCG UK LLP does not use derivative financial instruments to manage interest rate costs and as such, no hedge-accounting is applied.

Liquidity and interest rate risk

BCG UK LLP's arrangement with various banks ensures it can access the funds needed to meet its liquidity requirements. Cash can be obtained by withdrawing deposits held with the banks or through borrowing from The Boston Consulting Group Inc. Interest receivable/payable on balances between BCG UK LLP and banks is calculated at floating rates of interest.

THE BOSTON CONSULTING GROUP UK LLP

Members' Report (Continued)

For the year ended 31 March 2018

Currency risk

BCG UK LLP's functional currency is sterling (GBP) and it also presents its financial statements in GBP. Some purchases and sales are denominated in currencies other than GBP. In general, BCG UK LLP does not purchase derivatives to manage its exposures to currency risk, instead currency risks are managed at a group level.

Credit risk

BCG UK LLP's policies result in the establishment of contractual terms that minimise the amount of credit exposure to the lowest amount possible. BCG UK LLP performs ongoing evaluations of its receivables resulting from the performance of the above services and establishes allowance for the potential losses on doubtful accounts.

Credit risk also arises from cash and deposits with banks and financial institutions. This is managed by only using banks and financial institutions that are independently rated. The amount of exposure to any individual counterparty in subject to a limit, which is reviewed regularly by management.

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to limited liability partnerships, the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

Statement of disclosure to auditors

Each of the members in office at the date of approval of this annual report confirms that:

- so far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware, and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditors are aware of that information.

THE BOSTON CONSULTING GROUP UK LLP

Members' Report (Continued)

For the year ended 31 March 2018

This report was approved by the members and signed of their behalf by:

Ben Holden

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M Holden

On behalf of Boston Consulting Group Limited (The)
Designated Member

28/09/2018

THE BOSTON CONSULTING GROUP UK LLP

Independent Auditors' Report

TO THE MEMBERS OF THE BOSTON CONSULTING GROUP UK LLP

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, The Boston Consulting Group LLP's financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Members' Report And Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2018; the Income Statement And Statement Of Comprehensive Income and the Reconciliation Of Members' Interests for the year ended 31 March 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

THE BOSTON CONSULTING GROUP UK LLP

Independent Auditors' Report (Continued)

TO THE MEMBERS OF THE BOSTON CONSULTING GROUP UK LLP

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 3, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Use of this report

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

THE BOSTON CONSULTING GROUP UK LLP

Independent Auditors' Report (Continued)

TO THE MEMBERS OF THE BOSTON CONSULTING GROUP UK LLP

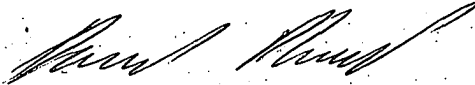
OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, 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.

We have no exceptions to report arising from this responsibility.



Darryl Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

28 Sept 2018

THE BOSTON CONSULTING GROUP UK LLP

Income Statement And Statement Of Comprehensive Income

For the year ended 31 March 2018

		2018	2017
	Note	£	£
Turnover	4	270,809,302	266,845,756
Staff costs	5	(150,305,008)	(157,380,248)
Depreciation, amortisation and impairment	10	(2,275,674)	(2,318,149)
Other operating charges		(30,389,462)	(20,746,739)
Operating profit	8	87,839,158	86,400,620
Interest receivable and similar income	7	434,372	567,137
Interest payable and similar expenses		(51,399)	(47,046)
Profit for the financial year before members' remuneration and profit shares		88,222,131	86,920,711
Profit for the financial year before members' remuneration and profit shares		88,222,131	86,920,711
Members' remuneration charged as an expense		(2,470,876)	(1,227,163)
Profit for the financial year available for discretionary division among members		85,751,255	85,693,548
Total comprehensive income for the year		85,751,255	85,693,548

All BCG UK LLP's activities are continuing operations.

THE BOSTON CONSULTING GROUP UK LLP

Balance Sheet

As at 31 March 2018

	Note	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10		8,433,296		5,111,623
Current assets					
Debtors	11	146,807,251		185,916,055	
Cash at bank and in hand		15,166,683		13,304,791	
		<u>161,973,934</u>		<u>199,220,846</u>	
Creditors: amounts falling due within one year	12	<u>(140,126,785)</u>		<u>(180,215,524)</u>	
Net current assets			<u>21,847,149</u>		<u>19,005,322</u>
Total assets less current liabilities			<u>30,280,445</u>		<u>24,116,945</u>
Creditors: amounts falling due after more than one year	16		(3,381,333)		-
Provisions for liabilities	13		<u>(1,780,209)</u>		<u>(1,468,918)</u>
Net assets attributable to members			<u><u>25,118,903</u></u>		<u><u>22,648,027</u></u>
Represented by:					
Members' other interests					
Members' capital classified as equity			9,298,559		9,298,559
Members' other interest - other reserves classified as equity			<u>15,820,344</u>		<u>13,349,468</u>
			<u><u>25,118,903</u></u>		<u><u>22,648,027</u></u>
Total members' interests					
Loans and other debts due to members			<u>111,846,589</u>		<u>142,182,161</u>
Members' other interests			<u>25,118,903</u>		<u>22,648,027</u>
			<u><u>136,965,492</u></u>		<u><u>164,830,188</u></u>

THE BOSTON CONSULTING GROUP UK LLP

Balance Sheet (Continued)

As at 31 March 2018

The financial statements on pages 8 to 24 were approved by the members on 28/09/2018 and are signed on its behalf by:



.....
M Holden

On Behalf of Boston Consulting Group Limited (The)
Designated member

The notes on pages 13 - 24 form part of these financial statements

Limited Liability Partnership Registration No. OC359103

THE BOSTON CONSULTING GROUP UK LLP

Reconciliation Of Members' Interests

For the year ended 31 March 2018

Current financial year

	Members' other interests			Loans and other debts due to members			TOTAL MEMBERS' INTERESTS
	Members' capital	Other reserves	Total	Members' capital (classified as liability)	Other amounts	Total	
	£	£	£	£	£	£	
Members' interests at 1 April 2017	9,298,559	13,349,468	22,648,027	9,310,299	132,871,862	142,182,161	164,830,188
Share based payment	-	2,470,876	2,470,876	-	-	-	2,470,876
Profit for the financial year available for discretionary division among members	85,751,255	-	85,751,255	-	-	-	85,751,255
Allocated profit	(85,751,255)	-	(85,751,255)	-	85,751,255	85,751,255	-
Members' interests after profit for the year	9,298,559	15,820,344	25,118,903	9,310,299	218,623,117	227,933,416	253,052,319
Capital contributions by members	-	-	-	340,256	-	340,256	340,256
Drawings and distributions	-	-	-	(872,053)	(115,555,030)	(116,427,083)	(116,427,083)
Members' interests at 31 March 2018	9,298,559	15,820,344	25,118,903	8,778,502	103,068,087	111,846,589	136,965,492

THE BOSTON CONSULTING GROUP UK LLP

Reconciliation Of Members' Interests (Continued)

For the year ended 31 March 2018

Prior financial year

	Members' other interests			Loans and other debts due to members			TOTAL
	Members' capital	Other reserves	Total	Members' capital (classified as liability)	Other amounts	Total	MEMBERS' INTERESTS
	£	£	£	£	£	£	£
Members' interests at 1 April 2016	9,298,559	12,122,305	21,420,864	11,421,727	109,061,247	120,482,974	141,903,838
Share based payment	-	1,227,163	1,227,163	-	-	-	1,227,163
Profit for the financial year available for discretionary division among members	85,693,548	-	85,693,548	-	-	-	85,693,548
Allocated profit	(85,693,548)	-	(85,693,548)	-	85,693,548	85,693,548	-
Members' interests after profit for the year	9,298,559	13,349,468	22,648,027	11,421,727	194,754,795	206,176,522	228,824,549
Capital contributions by members	-	-	-	100,000	-	100,000	100,000
Drawings and distributions	-	-	-	(2,211,428)	(61,882,933)	(64,094,361)	(64,094,361)
Members' interests at 31 March 2017	9,298,559	13,349,468	22,648,027	9,310,299	132,871,862	142,182,161	164,830,188

"Other amounts" included within Loans and other debts due to members represent allocated profits not yet paid to members and are due within one year. The basis on which profits are allocated is described in the accounting policies.

In the event of winding up, loans and other debts due to members rank equally with unsecured creditors; members' other interests (other reserves) rank after unsecured creditors and no additional protection is afforded to creditors. Members' capital contributions are determined by the Remuneration Committee of BCG UK LLP having regard, inter alia, to the working capital needs of BCG UK LLP.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements

For the year ended 31 March 2018

1 General Information

The Boston Consulting Group UK LLP ('the Partnership') is a Limited Liability Partnership and is incorporated in the United Kingdom. The address of its registered office is 20 Manchester Square, London, W1U 3PZ.

The principal activity of the Boston Consulting Group UK LLP during the reporting year is the provision of management consultancy services.

2 Statement of compliance

These financial statements of The Boston Consulting Group UK LLP have been prepared in compliance with the applicable 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 as applied to Limited Liability Partnerships and in compliance with Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) along with Limited Liability Partnership Act 2000 and Limited Liability Partnership (Accounts and Audit) and (Application of Companies Act 2006) Regulations 2008.

3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.14 'Critical accounting judgements and key source of estimation uncertainty' of the accounting policies section.

3.2 Going concern

The Partnership meets its day-to-day working capital requirements through its bank facilities. Considerable uncertainty in the external environment has continued this year in both in the UK and globally, including ongoing Brexit negotiations and international political events. This has created uncertainty over (a) the level of demand for the Partnerships' management services; and (b) the availability of bank finance for the foreseeable future. The Partnerships' forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Partnership should be able to operate within the level of its current facilities. After making enquiries, the members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. The Partnership therefore continues to adopt the going concern basis in preparing its financial statements.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements

For the year ended 31 March 2018

3 Accounting policies

(Continued)

3.3 Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the members of the Partnership. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Boston Consulting Group UK LLP is a qualifying entity as its results are consolidated in the BCG UK1 Limited, which are publicly available.

The Partnership has taken advantage of the following exemptions:

- i) From the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) From the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102
- iii) From disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(c), 26.19 to 26.21 and 26.23; and
- iv) From the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

3.4 Foreign currency

- (i) Functional and presentation currency

The Partnership's functional and presentational currency is sterling (GBP).

- (ii) Transactions and balances

UK trading activities denominated in foreign currencies are recorded in sterling at the rate ruling at the date of each transaction.

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 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 the statement of comprehensive income.

3.5 Turnover

Turnover is stated net of sales tax and is recognised to the extent that it is probable that economic benefits will flow to BCG UK LLP and can be reliably measured. Turnover represents the fair value of professional services provided on the basis of time spent at the agreed fee rates. Under certain services or project management contracts, BCG UK LLP manages client expenditure and is obliged to purchase goods and services from third-party contractors and recharge them on to the client at cost. The amounts charged by contractors and recharged to clients are excluded from turnover and direct costs.

Turnover and costs are recognised on this basis where the outcome of the contract can be reliably measured and is reasonably certain. Full provision is made for all known or anticipated losses on each contract at the point where such losses are identified. Contract costs include direct staff costs and an appropriate allocation of overhead and disbursements.

Amounts due from clients are stated at turnover recognised to date less amounts billed on account. Amounts billed to clients are recorded in trade debtors less any provision for impairment. To the extent that fees paid on account exceed the value of work performed, they are included in deferred revenue.

3.6 Work in progress

Unbilled fees for services performed are recorded at estimated billable amounts less amounts provided for as unrecoverable. Unbilled expenses recoverable from clients are recorded at costs incurred.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

3 Accounting policies

(Continued)

3.7 Employee benefits

The Partnership provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and deferred compensation including a defined contribution pension scheme.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as expense in the period in which the service is rendered.

(ii) Defined contribution pension scheme

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid, the company has no further payment obligation. BCG UK LLP operates a defined contribution pension scheme, which is insured. The assets of the scheme are held separately from those of BCG UK LLP in independently administered funds. The pension cost is the amount of the contributions payable in respect of the particular accounting period. Contributions outstanding at the year-end are included in the balance sheet as a creditor.

(iii) Share purchase scheme

For the scheme started in 2010, the ultimate parent company allows participants to buy shares in the parent, with the purchase funded by an interest-bearing, loan. BCG UK LLP accounts for the plan as an equity-settled share based payment under Section 26 of FRS 102 'Share based payments' as the obligation is to be settled by the ultimate parent company.

The fair value of the services received from participants in exchange for the share awards is recognised as an expense over the vesting period (if any). Due to the way the purchase price is funded, the fair value is measured by the use of the Black-Scholes option pricing model.

(iv) Capital interest scheme

Partners in BCG UK LLP are granted interest rights in Boston Consulting Group UK LLP. The value of the rights are tracked with reference to the value of The Boston Consulting Group Inc. shares. This is akin to a share based payment scheme. BCG UK LLP accounts for the plan as an equity-settled share based payment under Section 26 of FRS 102 'Share based payments' as the obligation to settle this award resides with another group company, Boston Consulting Group Limited (The).

The fair value of the services received from participants in exchange for the share interest awards is recognised as an expense over the vesting period (if any). The fair value is measured by the use of the Black-Scholes pricing model.

3.8 Taxation

The LLP is domiciled in England. Under the current laws of England, there is no income, estate, corporation, capital gains or other taxes payable by the LLP and any tax liability arising on the activities of the LLP will be borne by the individual members.

3.9 Operating leases

Costs in respect of operating leases are charged to the profit and loss on a straight-line basis over the lease term. Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expenses, on a straight line basis over the period of the lease.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

3 Accounting policies

(Continued)

3.10 Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original price of the asset and the costs attributable to bringing the asset to the working condition of its intended use. Depreciation is provided at rates calculated to write off the cost (less estimated residual value of each asset) or valuation on a straight line basis over the estimated useful life as follows:

Land and buildings Leasehold	8 years (12.5% per annum) or over the length of the decommissioning costs if shorter
Office equipment	2-5 years (20%-50% per annum)

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that economic benefits associated with the items will flow to the Partnership and the cost can be measured reliably.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

3.11 Provisions

Provisions are made for liabilities where, in the members' opinion, a present obligation exists and it is probable that an outflow of funds will be required to settle the financial liabilities in the future and the amounts can be estimated reliably. Where material, future cash flows are discounted in arriving at the amounts to be provided. The unwinding of the discount is reported as other finance income or costs in the statement of comprehensive income.

3.12 Impairment of non-financial assets

At each quarter end, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

3 Accounting policies

(Continued)

3.13 Financial instruments

The Partnership has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including debtors, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised costs are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not been previously recognised. The impairment reversal is recognised in the profit or loss. Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow Group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The partnership does not hold derivative financial instruments.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

3 Accounting policies

(Continued)

3.13 Financial instruments (Continued)

Offsetting

Financial asset and liabilities are offset and the net amounts present in the financial statements when there is a legally 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.

3.14 Critical accounting and judgement and key sources of estimation uncertainty

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from estimates.

Key accounting estimates and assumptions

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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.

Useful economic lives of property, plant and equipment

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The useful economic lives and residual values of property, plant and equipment are re-assessed annually and are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment and note 3.10 for the useful economic lives for each class of assets.

Impairment of trade and other debtors

Assets are tested for impairment in line with the policy described in the financial assets accounting policy. Management makes an estimate of the recoverable values of trade and other debtors based on factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Work in progress provisions

Provisions are made for work in progress. The work in progress balances are reviewed by management on a monthly basis to assess recoverability. Provisions are made as deemed appropriate. See note 11 for the net carrying amount of the work in progress and associated impairment provision, included in unbilled fees and expenses.

Provisions

Provisions are made for asset retirement obligations. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. See note 13 for the net carrying amount of the provisions.

4 Turnover information

Contributions to turnover and profit for the financial year before members' remuneration charges and profit shares by geographical market have been omitted, as the members believe disclosure would be detrimental to the business.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

5 Staff costs

Employees

Particulars of staff costs are shown below:

	2018	2017
	£	£
Wages and salaries	75,278,782	69,305,387
Social security costs	9,782,230	8,246,404
Other pension costs	9 7,955,097	6,720,865
Outsourced consultancy	57,288,899	73,107,592
	<u>150,305,008</u>	<u>157,380,248</u>

Outsourced consultancy costs represent the secondment of employees from other The Boston Consulting Group Inc. group companies.

The monthly average number of persons employed by BCG UK LLP during the year was as follows:

	2018	2017
	Number	Number
Consultancy	483	426
Administrative	315	266
	<u>798</u>	<u>692</u>

Directors

Directors emoluments for the group have been disclosed in BCG UK I Limited's consolidated financial statements.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

6 Members' Remuneration

The monthly average number of members of BCG UK LLP during the year was as follows:

	2018 Number	2017 Number
Consultancy	64	56
Administrative	2	2
	<u>66</u>	<u>58</u>

The partnership had 63 (2017: 56) individual members and 2 (2017: 2) corporate members as at 31 March 2018.

The average profit per member for the year is calculated by dividing the profit for the financial year available for discretionary distribution among members by the average number of members, amounting to £967,075 (2017: £1,068,341) (excluding the corporate members).

Profits are allocated on a gross basis before income tax charges, which are the personal liability of the individual members. Members do not receive any interest on their capital contributions or any remuneration other than their share of the profits.

The profit attributable to the member with the largest entitlement to profit is Boston Consulting Group Limited (The), amounting to £23,858,486 (2017: £25,866,447), which is excluded from the calculation of the average number above.

7 Interest receivable and similar income

	2018 £	2017 £
Other interest receivable	434,372	567,137

8 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	2,275,674	2,318,149
Exchange losses/(gains)	856,859	(1,168,650)
Fees payable to the company's auditors for the audit of the company's financial statements	108,640	105,480

The fees payable to BCG UK LLP's auditors and its associates for other (non-audit) services have not been disclosed because the consolidated financial statements of the company's parent are required to disclose other (non-audit) services on a consolidated basis.

9 Pension and other post-retirement benefit commitments

The cost for the financial year was £7,955,097 (2017: £6,720,865). Outstanding contributions at 31 March 2018 were £1,157,712 (2017: £936,608).

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

10 Tangible assets

	Land and buildings Leasehold	Office equipment	Construction in progress	Total
	£	£	£	£
Cost				
At 1 April 2017	7,503,832	5,531,640	-	13,035,472
Additions	2,896,583	2,400,585	336,956	5,634,124
Disposals	(197,564)	(257,470)	-	(455,034)
At 31 March 2018	10,202,851	7,674,755	336,956	18,214,562
Depreciation and impairment				
At 1 April 2017	4,076,116	3,847,733	-	7,923,849
Depreciation charged in the year	1,002,961	1,272,713	-	2,275,674
Eliminated in respect of disposals	(182,769)	(235,488)	-	(418,257)
At 31 March 2018	4,896,308	4,884,958	-	9,781,266
Carrying amount				
At 31 March 2018	5,306,543	2,789,797	336,956	8,433,296
At 31 March 2017	3,427,716	1,683,907	-	5,111,623

11 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	48,694,919	58,508,563
Amounts owed by group undertakings	63,156,349	100,995,410
Other debtors	370,790	443,734
Unbilled fees and expenses	29,095,787	23,287,714
Prepayments and accrued income	5,489,406	2,680,634
	146,807,251	185,916,055

There are no provisions for impairment of trade debtors (2017: £440,790).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

12 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	2,798,599	1,993,913
Amounts owed to group undertakings	1,549,722	16,421,632
Other creditors	332,032	13,738
Taxation and social security	3,460,162	3,995,766
Billings in advance	5,323,789	3,470,530
Amounts owed to members	111,846,589	142,182,161
Accruals and deferred income	14,815,892	12,137,784
	<u>140,126,785</u>	<u>180,215,524</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

13 Provisions for liabilities

	2018	2017
	£	£
	<u>1,780,209</u>	<u>1,468,918</u>

Movements on provisions:

	£
At 1 April 2017	1,468,918
Other movements	311,291
At 31 March 2018	<u>1,780,209</u>

The provision relates to the obligation to return the leased properties to their original state. The provision is expected to be fully utilised at the end of the respective leases between 2021 and 2026.

14 Related party transactions

The Partnership has taken advantage of the exemption, as provided by paragraph 33.1A of FRS102 and does not disclose transactions with members of the same group that are wholly owned. The Partnership discloses transactions with related parties which are not wholly owned within the same group. The financial statements for BCG UK1 Limited, its intermediary parent, which are prepared on a consolidated basis, are publicly available.

The ultimate holding company is The Boston Consulting Group Inc., incorporated in the Commonwealth of Massachusetts, USA. The Boston Consulting Group Inc., also prepare consolidated financial statements, but they are not publicly available.

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

15 Share based payments

Capital interest scheme

During the year ended 31 March 2018, partners in the LLP were granted interest rights in The Boston Consulting Group UK LLP, the value of which are tracked with reference to the value of The Boston Consulting Group Inc. shares. This is akin to a share based payment scheme. The Black-Scholes option pricing model has been used to calculate the fair value of the interest on appreciation on these rights. The following table summarises the fair values and key assumptions used:

	Year ended Mar-2018	Year ended Mar-2017
Number of share issued during the year	29,144	19,824
Weighted average fair value on issue	£6.20	£6.07
Weighted average exercise price	£354.09	£295.98
Weighted average purchase price	£314.59	£278.20
Expected dividend yield	0%	0%
Risk-free rate	2.22%	2.18%
Expected volatility	8.61%	10.46%
Expected life	7 years	7 years

Volatility has been determined by reference to historical volatility which is expected to reflect the The Boston Consulting Group Inc.'s share price appreciation in the future. An expected life of 7 years has been assumed as the typical period before a participant will choose to sell their interest.

The weighted average purchase price is equal to the participant's actual purchase price together with the interest expected to be paid on the loan over the expected life.

As the purchase price is in US dollars the risk-free interest rate is based on the US risk-free rate over the expected life.

16 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other creditors	3,381,333	-

17 Financial commitments

At 31 March the partnership had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018 £	2017 £
Payment due		
Not later than one year	7,684,972	5,875,100
Later than one year and not later than five years	31,220,784	20,299,603
Later than five years	163,415,758	5,971,467
	<u>202,321,514</u>	<u>32,146,170</u>

THE BOSTON CONSULTING GROUP UK LLP

Notes To The Financial Statements (Continued)

For the year ended 31 March 2018

18 Control

The immediate parent company is *Boston Consulting Group Limited (The)*. The ultimate parent and controlling company is *The Boston Consulting Group Inc.*, a company incorporated in the Commonwealth of Massachusetts, USA.

The Boston Consulting Group Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements of *The Boston Consulting Group Inc.* are not publicly available.

BCG UK1 Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. Financial statements can be obtained from 20 Manchester Square, London, W1U 3PZ.

19 Events after the reporting period

Non-adjusting post balance sheet event

On 1st April 2018, *The Boston Consulting Group UK LLP* sold the Digital Ventures business to *Boston Consulting Group Limited (The)*. *Boston Consulting Group Limited (The)* purchased the net assets valued at £2.5 million as at 31st March 2018.