

MCG Company No 4 Limited

Annual report and financial statements

31 December 2017

Registered number 05117093



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Company Information

Directors:

- N Stagg
- P Hackett (appointed 10 April 2018)

Company Registration Number - 05117093

Registered Address:

St Paul's House
10 Warwick Lane,
London,
EC4M 7BP

Country of Incorporation – United Kingdom

External Auditor:

Deloitte LLP
London, United Kingdom

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements for the year ended 31 December 2017. This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under section 415a of the Companies Act 2006.

General information

MCG Company No 4 Limited is a private company limited by shares registered in England under the Companies Act 2006.

Principal activity

The Company's principal activity was that of a holding company.

Business review and dividends

The Company made a loss for the year of €73 (2016 Loss: €20,795). The Company paid a dividend of €16,664,999.

Reduction of share capital

On 19 December 2017, the Directors approved the reduction of share capital of the Company. The share capital of the company was reduced by €43,789,999 by cancelling the share premium account and this was credited to a distributable reserve of the Company.

Directors

The directors who held office throughout the year and up to the date of this report except as noted, were as follows:

N Stagg
P Hackett (appointed 10 April 2018)
M Comras (appointed 12 July 2017 – resigned 9 May 2018)
C W Ansley (resigned 31 July 2017)
C Povey (resigned 31 July 2017)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

N Stagg and M Comras were directors of the ultimate parent company, Management Consulting Group PLC, at the end of the financial year and their interests in the share capital of Group companies are detailed in the annual report of that company.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of the Annual General Meeting.

Approved by the Board and signed on its behalf by:



N Stagg
Director

St Paul's House
10 Warwick Lane
London EC4M 7BP

27 September 2018

Directors' responsibilities statement

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of MCG Company No 4 Limited Report on the audit of the financial statements

Opinion

In our opinion the financial statements of MCG Company No 4 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of MCG Company No 4 Limited (continued)

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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/auditors_responsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and

Independent auditor's report to the members of MCG Company No 4 Limited (continued)

- the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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.



Peter Saunders (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 September 2018

Profit and loss account

for the year ended 31 December 2017

	<i>Notes</i>	31 December 2017	31 December 2016
		€	€
Operating loss	2	(73)	(3,154)
Interest expense		-	(17,641)
Loss before taxation		(73)	(20,795)
Tax on loss from ordinary activities	3	-	-
Loss for the financial year		<u>(73)</u>	<u>(20,795)</u>

There were no other comprehensive income or expenses in the current or prior year, as such a statement of comprehensive income has not been prepared.

The results for both years relate to continuing operations.

The notes on pages 13 form an integral part of the financial statements.

Balance sheet

as at 31 December 2017

	Notes	2017 €	2016 €
Fixed assets			
Investments	4	-	-
Current assets			
Debtors – due within one year	5	-	16,665,002
Cash at bank and in hand		459	529
		459	16,665,531
Total assets less current liabilities and net assets		459	16,665,531
Capital and reserves			
Called up share capital	6	2	2
Share premium account		-	43,789,999
Profit and loss account		457	((27,124,470))
Shareholder's funds		459	16,665,531

The financial statements of MCG Company No 4 Limited (registered number 05117093) were approved by the board of directors and authorised for issue on 27 September 2018.

The notes on pages 13 form an integral part of the financial statements.

They were signed on its behalf by:



N Stagg
 Director

Statement of changes in equity

At 31 December 2017

	Share capital €	Share Premium €	Profit and loss account €	Total €
Balance at 1 January 2016	2	43,789,999	(27,103,675)	16,686,326
Total comprehensive expense	-	-	(20,795)	(20,795)
Balance at 31 December 2016	2	43,789,999	(27,124,470)	16,665,531
Total comprehensive expense	-	-	(73)	(73)
Reduction in capital (note 8)	-	(43,789,999)	43,789,999	-
Dividend	-	-	(16,664,999)	(16,664,999)
Balance at 31 December 2017	2	-	457	459

The notes on pages 13 form an integral part of the financial statements.

Notes to the financial statements

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

Basis of preparation

MCG Company No 4 Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Functional currency

The functional currency of MCG Company No 4 Limited is considered to be Euros as the directors believe this to be the functional currency of the Company as its major cash flows are in Euros.

Group accounts

At the end of the year the company was a wholly-owned subsidiary of a company incorporated in a member state of the European Economic Community which prepares group financial statements. Accordingly, the preparation of group financial statements is not required under Section 400 of the company's Act 2006 and these financial statements represent information about the Company as an individual undertaking.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Critical accounting judgements and key sources of estimation uncertainty

Critical accounting policies are defined as those that are reflective of significant judgements and uncertainties and potentially result in materially different results under different assumptions and conditions.

Management have no applied any significant judgements in accounting policies.

There are no key sources of estimation uncertainty which could change materially change in the next 12 months.

Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement because it is a wholly-owned subsidiary undertaking of Management Consulting Group PLC and its cash flows are included within the consolidated cash flow statement of that company.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

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 reported in other comprehensive income and accumulated in equity.

Financial Instruments

i. Fixed asset investments

Investments comprise of long-term loans to group undertakings, stated at the loan issue amount.

ii. Financial assets

All financial assets and liabilities are initially measured at their transaction price (including transaction costs).

Financial assets are only derecognised when the contractual right to the cash flows are settled or the risks and rewards of ownership are transferred to another party.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods difference from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. Operating loss

The Company did not have any employees during the current or prior financial years. The directors did not receive any remuneration in respect of their services to the Company in the current or prior financial year. The auditor's remuneration of €5,700 (2016: €6,100) was borne by the Company's parent company in the current year. In both the current and prior year the Company did not pay the auditor for non-audit services.

Notes to the financial statements (continued)

3. Tax on loss from ordinary activities

	2017	2016
	€	€
Tax charge on profit on ordinary activities.	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the year

UK corporation tax is calculated at 19.25% (2016: 20.0%) of the estimated assessable profit for the year.

The tax charge for the year is less than the charge expected by applying the applicable rate for the reasons set out in the following reconciliation:

	2017	2016
	€	€
Loss on ordinary activities before tax	<u>(73)</u>	<u>(20,795)</u>
Expected tax charge at 19.25% (2016: 20.0%)	(15)	(4,159)
Factors affecting the tax charge:		
Non-deductible expenditure	-	(114)
Tax losses not utilised and carried forward to future periods for tax purposes	15	4,273
Current tax charge	<u>-</u>	<u>-</u>

The Company has unrelieved tax losses carried forward of €6,000 (2016: €21,000). No deferred tax asset has been recognised in respect of these losses as there is insufficient evidence that the asset will be recovered in the near term.

From 1 April 2017 the main rate of UK corporation tax was reduced from 20% to 19%.

4. Investments

	Loans to group undertakings
	€
At 1 January 2017	8,452,626
Repayment in the year	<u>(8,452,626)</u>
At 31 December 2017	<u>-</u>

Notes to the accounts (continued)

5. Debtors due within one year

	2017	2016
	€	€
Amounts owed by group undertakings	<u>-</u>	<u>16,665,002</u>

Amounts owed by group undertakings are interest free and repayable in part or full at any time.

The amount due from the parent company was settled by a dividend of €16,664,999 paid to the Parent (2016: €nil).

7. Called up share capital

	2017	2016
	€	€
<i>Allotted, called up and fully paid</i>		
Two ordinary shares of £1 each	<u>2</u>	<u>2</u>
<i>Allotted, called up and fully paid</i>		
Translated into functional currency at the date of issue.	<u>2</u>	<u>2</u>

MCG Company No 4 Limited has one class of ordinary shares which carry no right to fixed income.

The directors passed a special resolution on 19 December 2017 that the share capital of the company be reduced by €43,789,999 by cancelling the Share Premium account, and that the amount by which the share capital is reduced be credited to a distributable reserve of the Company

8. Related party transactions

As the Company is part of a group headed by Management Consulting Group PLC. The Company has taken advantage of the exemption contained in Section 33 1 A under FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). There were no other related party transactions requiring disclosure in the current or prior year.

9. Immediate and ultimate parent company and controlling entity

The immediate and ultimate parent company and ultimate controlling party is Management Consulting Group PLC, a company incorporated in Great Britain and registered in England and Wales. The only group in which the financial statements are consolidated is that headed by Management Consulting Group PLC. Copies of the financial statements of Management Consulting Group PLC may be obtained at the following address: Management Consulting Group PLC, St Paul's House 10 Warwick Lane Place, London EC4M 7BP.