

MCG Company No 4 Limited

Annual report and financial statements

31 December 2016

Registered number 05117093



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Company Information

Directors:

- C W Ansley (resigned 31 July 2017)
- N Stagg
- C Povey (resigned 31 July 2017)
- M Comras (appointed 12 July 2017)

Company Registration Number - 05117093

Registered Address:

10 Fleet Place,
London,
EC4M 7RB.

Country of Incorporation – United Kingdom

External Auditors:

Deloitte LLP,
2 New Street Square,
London,
EC4A 3BZ.

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements and Auditor's report for the year ended 31 December 2016. 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.

Principal activities

The principal activity of the Company is to provide funding to companies within the Management Consulting Group PLC group.

Business review and dividends

The Company made a loss for the year of €20,795 (2015 Profit: €409,049). There were no distributions in kind in 2016 (2015: €31,579,000).

Directors

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

C W Ansley (resigned 31 July 2017)
N Stagg
C Povey (resigned 31 July 2017)
M Comras (appointed 12 July 2017)

Going concern

After making enquiries, the directors have formed a judgement, that at the time of approving the financial statements, and having considered the Company's forecasts and projections, there is reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Going concern is discussed further in note 1 to the financial statements.

Financial risk management

The Company's capital structure is reviewed regularly to ensure that it remains relevant to the Company. The Company's foreign exchange exposure is not significant since its Euro denominated loans are made to a fellow subsidiary undertaking whose functional currency is also the Euro. The amounts receivable from the fellow subsidiary undertaking are regularly reviewed to assess whether or not they are impaired.

Future Developments:

No change is expected in the foreseeable future and the directors intend for the company activity to remain unchanged.

Directors' report (*continued*)

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

10 Fleet Place
London EC4M 7RB

11 August 2017

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

We have audited the financial statements of MCG Company No 4 Limited for the year ended 31 December 2016 which comprise the profit and loss account, balance sheet, the statement of changes in equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

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. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

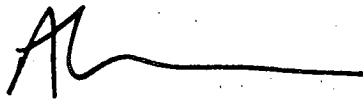
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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

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



Anthony Morris (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

31 August 2017

Profit and loss account

for the year ended 31 December 2016

	<i>Notes</i>	31 December 2016 €	31 December 2015 €
Operating loss	2	(3,154)	(84)
Interest (expense)/income	3	<u>(17,641)</u>	<u>409,133</u>
(Loss)/Profit before taxation		(20,795)	409,049
Tax on results from ordinary activities	4	<u>-</u>	<u>-</u>
(Loss)/Profit for the financial year		<u>(20,795)</u>	<u>409,049</u>

There was 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.

Notes on pages 10-14 form an integral part of the financial statements.

Balance sheet

as at 31 December 2016

	<i>Notes</i>	2016 €	2015 €
Fixed assets			
Investments	5	-	8,452,626
Current assets			
Debtors – due within one year	6	16,665,002	8,199,348
Cash at bank and in hand		529	36,768
		<u>16,665,531</u>	<u>8,236,116</u>
Current liabilities			
Creditors – amounts falling due within one year	7	-	(2,416)
Net current assets		16,665,531	8,233,700
Net assets		<u>16,665,531</u>	<u>16,686,326</u>
Capital and reserves			
Called up share capital	8	2	2
Share premium account		43,789,999	43,789,999
Profit and loss account		(27,124,470)	(27,103,675)
Shareholder's funds		<u>16,665,531</u>	<u>16,686,326</u>

The financial statements of MCG Company No 4 Limited (registered number 05117093) were approved by the board of directors and authorised for issue on 11 August 2017.

Notes on pages 10-14 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 2016

	Share capital €	Share Premium €	Profit and loss account €	Total €
Balance at 1 January 2015	2	43,789,999	4,066,276	47,856,277
Total comprehensive income	-	-	409,049	409,049
Distribution in kind	-	-	(31,579,000)	(31,579,000)
Balance at 31 December 2015	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

Notes on pages 10-14 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 pages 2 to 3.

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 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 Companies Act 2006 and these financial statements represent information about the Company as an individual undertaking.

Going concern

The Company made a loss of €20,795 (2015 profit: €409,049) during the year and had net assets of €16,665,531 (2015: €16,686,326) at 31 December 2016. 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.

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 accounts (*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)/profit

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.

Fees payable to the Company's auditor for the audit of the Company's annual financial statements pursuant to legislation, of €6,114 (2015: €6,888), were borne by the Company's ultimate parent Company.

Notes to the accounts (continued)

3. Interest income

	2016 €	2015 €
Income from fixed asset investments (see note 5)	-	409,133
	<u> </u>	<u> </u>

4. Tax on results from ordinary activities

	2016 €	2015 €
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 20.0% (2015: 20.25%) 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:

	2016 €	2015 €
(Loss)/Profit on ordinary activities before tax	<u>(20,794)</u>	<u>409,049</u>
Expected tax charge at 20.00% (2015: 20.25%)	(4,159)	82,832
Factors affecting the tax charge:		
Non-deductible expenditure	(114)	-
Tax losses not utilised and carried forward to future periods for tax purposes	4,273	-
Group relief claimed for nil consideration	-	(82,832)
Current tax charge	<u> </u>	<u> </u>

The Company has unrelieved tax losses carried forward for €21,000 (2015: €NIL). 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.

5. Investments

	Loans to group undertakings €
At 1 January 2016	8,452,626
Repayment in the year	<u>(8,452,626)</u>
At 31 December 2016	<u> </u>
	<u> </u>
At 31 December 2015	<u>8,452,626</u>

Notes to the accounts (continued)

5. Investments (Continued)

Amounts waived during the year were due from the parent company and have been treated as a distribution in kind.

The Company has fixed assets loans in the following group undertakings:

	Country of incorporation or principal business address	Principal activity
Management Consulting Group PLC	United Kingdom	Ultimate parent company

6. Debtors due within one year

	2016	2015
	€	€
Amounts owed by group undertakings	<u>16,665,002</u>	<u>8,199,348</u>

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

No debtor balances were waived during the year (2015: €13,879,000).

7. Creditors

	2016	2015
	€	€
Amounts falling due within one year:		
Accruals	<u>-</u>	<u>2,416</u>

Notes to the accounts (continued)

8. Called up share capital

	2016	2015
<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 Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, as well as the distribution in kind of €31,579,000 recognised in 2015.

9. 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.

10. Immediate and ultimate parent company and controlling entity

The immediate and ultimate parent company and controlling entity is Management Consulting Group PLC, a company incorporated in Great Britain and registered in England and Wales. The smallest and largest 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, 10 Fleet Place, London EC4M 7RB.