

**MCG Company No 4 Limited**

**Directors' report and audited financial  
statements**

**31 December 2014**

**Registered number 05117093**

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## **Directors' report**

The directors present their annual report on the affairs of the Company, together with the financial statements and Auditor's report for the year ended 31 December 2014. 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. Accordingly the Company has not been required to prepare a Strategic report for the year.

### **Principal activities**

The principal activity of the Company is to provide funding to companies within the Management Consulting Group PLC group. The accounts have been prepared in Euros as the directors believe this to be the functional currency of the Company as its major cash flows are in Euros.

### **Business review and dividends**

The Company made a profit for the year of €645,834 (2013: €540,929). The Company did not pay a dividend in 2014 (2013: €nil). The directors do not recommend the payment of a final dividend (2013: €nil).

### **Directors**

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

C W Ansley  
N Stagg  
C Povey

### **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 accounts.

### **Financial risk management policy**

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.

## 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:



**C Povey**  
*Director*  
28 May 2015

10 Fleet Place  
London EC4M 7RB

## **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of 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
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



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

28 May 2015

## Profit and loss account

for the year ended 31 December 2014

	<i>Notes</i>	<b>31 December</b> <b>2014</b> €	31 December 2013 €
<b>Operating profit/(loss)</b>		<b>3,063</b>	(42)
Interest income	<i>4</i>	<u>642,771</u>	<u>540,971</u>
<b>Profit before taxation</b>		<b>645,834</b>	540,929
Tax on profit on ordinary activities	<i>5</i>	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>	<i>10</i>	<u><b>645,834</b></u>	<u>540,929</u>

There are no recognised gains or losses in either years other than those shown in the profit and loss account, therefore no statement of total recognised gains and losses is presented.

The results for both years relate to continuing operations.



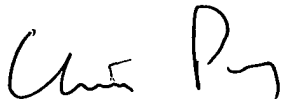
**Balance sheet**

at 31 December 2014

	<i>Notes</i>	2014 €	2013 €
<b>Fixed assets</b>			
Investments	6	<u>37,944,456</u>	<u>34,050,000</u>
<b>Current assets</b>			
Debtors	7	9,912,944	13,161,973
Cash		1,293	4,010
		<u>9,914,237</u>	<u>13,165,983</u>
<b>Current liabilities</b>			
Creditors	8	(2,416)	(5,540)
<b>Net current assets</b>		<u>9,911,821</u>	<u>13,160,443</u>
<b>Net assets</b>		<u>47,856,277</u>	<u>47,210,443</u>
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Share premium account	10	43,789,999	43,789,999
Profit and loss account	10	4,066,276	3,420,442
<b>Shareholder's funds</b>		<u>47,856,277</u>	<u>47,210,443</u>

The financial statements of company number 05117093 were approved by the board of directors and authorised for issue on 28 May 2015.

They were signed on its behalf by:



**C Povey**  
*Director*

## Notes to the accounts

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost accounting rules.

#### *Group accounts*

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly-owned subsidiary of a parent company which prepares consolidated financial statements which are publicly available from the address which is shown in note 13.

#### *Going concern*

The Company made a profit of €645,834 (2013: €540,929) during the year and had net assets of €47,856,277 (2013: €47,210,443) at 31 December 2014. 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. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### *Functional currency*

The financial statements have been prepared in Euros as the directors believe this to be the functional currency of the Company as its major cash flows are in Euros.

#### *Cash flow statement*

Under Financial Reporting Standard Number 1 (Revised), 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 ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Investments*

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

**Notes to the accounts (continued)**

**1. Accounting policies (continued)**

**Taxation**

Current 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 that have occurred at the balance sheet date.

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. Deferred tax assets and liabilities are not discounted.

**2. Staff numbers and costs**

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.

**3. Audit fee**

Fees payable to the Company's auditor for the audit of the Company's annual financial statements pursuant to legislation, of €3,000 (2013: €3,000), were borne by the Company's ultimate parent company.

**4. Interest income**

	2014 €	2013 €
Interest on loan to group undertaking	<u>642,771</u>	<u>540,971</u>

**5. Tax charge on profit on ordinary activities**

	2014 €	2013 €
Tax charge on profit on ordinary activities.	<u>-</u>	<u>-</u>

**Notes to the accounts (continued)**

**5. Tax charge on profit on ordinary activities (continued)**

**Factors affecting the tax charge for the year**

UK corporation tax is calculated at 21.50% (2013: 23.25%) 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:

	2014 €	2013 €
Profit on ordinary activities before tax	<u>645,834</u>	<u>540,929</u>
Expected tax charge at 21.50% (2013: 23.25%)	138,854	125,766
Factors affecting the tax charge:		
Non-deductible expenditure	(672)	-
Group relief claimed for nil consideration	<u>(138,182)</u>	<u>(125,766)</u>
Current tax charge	<u>-</u>	<u>-</u>

From 1 April 2014 the main rate of UK corporation tax was reduced from 23% to 21%. A further 1% reduction took effect as of 1 April 2015 bringing the UK corporation tax rate to 20%.

**6. Investments**

	2014 €	2013 €
Loans to group undertakings	<u>37,944,456</u>	<u>34,050,000</u>

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

	<b>Country of incorporation or principal business address</b>	<b>Principal activity</b>
MCG France SAS	France	Holding company
Management Consulting Group PLC	Great Britain	Ultimate parent company

The loan with MCG France SAS is interest bearing at Euro Libor plus a margin equal to that payable on the Group's Revolving Credit Facility. In the year under review the margin ranged from 2.5% to 2.75%.

There is no interest payable on the loan with Management Consulting Group as there is no formal loan agreement in place.

**Notes to the accounts (continued)**

**7. Debtors**

	2014 €	2013 €
Amounts owed by group undertakings	<u>9,912,944</u>	<u>13,161,973</u>

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

**8. Creditors**

	2014 €	2013 €
Accruals	<u>2,416</u>	<u>5,540</u>

**9. Called up share capital**

	2014	2013
<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>

**10. Reserves**

	Share premium account €	Profit and loss account €	Total €
At 1 January 2014	43,789,999	3,420,442	47,210,441
Profit for the year	-	645,834	645,834
At 31 December 2014	<u>43,789,999</u>	<u>4,066,276</u>	<u>47,856,275</u>

	Share premium account €	Profit and loss account €	Total €
At 1 January 2013	43,789,999	2,879,513	46,669,512
Profit for the year	-	540,929	540,929
At 31 December 2013	<u>43,789,999</u>	<u>3,420,442</u>	<u>47,210,441</u>

**Notes to the accounts (continued)**

**11. Reconciliation of movements in shareholder's funds**

	<b>2014</b>	2013
	€	€
Opening shareholder's funds	<b>47,210,443</b>	46,669,514
Profit for the year	<b>645,834</b>	540,929
<b>Closing shareholder's funds</b>	<b><u>47,856,277</u></b>	<u>47,210,443</u>

**12. Related party transactions**

As described in note 13, the Company is part of a group headed by Management Consulting Group PLC. The Company has taken advantage of the exemption contained in FRS 8 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. The consolidated financial statements of Management Consulting Group PLC, within which the results of this company are included, can be obtained from the address given in note 13.

**13. 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 accounts are consolidated is that headed by Management Consulting Group PLC. Copies of the accounts of Management Consulting Group PLC may be obtained at the following address: Management Consulting Group PLC, 10 Fleet Place, London EC4M.