

Management Consulting Group Overseas Limited

Annual report and financial statements

31 December 2020

Registered number 02170154



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Company Information

Directors:

- N Stagg
- P Hackett

Company Registration Number - 02170154

Registered Address:

St Paul's House
4th Floor
10 Warwick Lane
London
EC4M 7BP.

Country of Incorporation – United Kingdom

Statutory Auditor:

BDO LLP
55 Baker Street
London
W1U 7EU

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 2020. 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

Management Consulting Group Overseas Limited is a private company limited by shares registered in England under the Companies Act 2006.

Principal activities

The principal activity of the Company during the year was that of an investment holding company. No change in activities is anticipated in the foreseeable future.

Business review

The Company made a loss for the year of US\$33,517 (2019: Profit US\$6,244).

Dividends

The Directors do not intend to declare a dividend for 2020 (2019: nil).

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

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

The going concern of the company is dependent on that of its subsidiaries ("Proudfoot") which has seen projects suspended or put on hold due to the global COVID-19 pandemic. This is due to the fact that the consultants engaged on projects have to travel to client premises, this travel is mainly of an international nature and travel restrictions during 2020 has brought some degree of business interruption for Proudfoot.

Considering the COVID-19 pandemic, management has implemented a number of key mitigations to preserve liquidity. This has included staff restructuring, a temporary salary reduction of all employees by 25% and implementation of tax deferments and furlough of employees.

Management have prepared a business forecast through to 31 July 2022, although the forecast incorporates the actual results of the business for the first five months of the year, it is not necessarily reflective of the forecasted performance of the entity and includes percentage probabilities that projects will be successfully won. Judgement is also exercised as to when the temporary salary reductions will be lifted which will be dependent on when work will pick up and demand for services increases.

Despite this period of business interruption caused by COVID-19, Proudfoot is still in contact with clients and prospective clients and further projects have been won during 2020. The current economic conditions create uncertainty particularly over the level of demand for Proudfoot's services. The company has

Directors' report (*continued*)

obtained a letter of support from intercompany creditors that they will not recall debt owing to them within 12 months from sign off date of these accounts.

The directors have received confirmation from Management Consulting Group PLC to provide the necessary level of support to the Company to enable it to pay its debts as they fall due and will not recall intercompany loans for the foreseeable future that is at least for a period of 12 months from the date of signing these financial statements. The directors believe Management Consulting Group PLC has the financial resources to fulfil this commitment.

Notwithstanding the impact of COVID-19 identified above, the Directors have a reasonable expectation that the Company will have sufficient cash flow through the going concern review period, and available resources to continue operating for at least twelve months from the approval date of these Financial Statements. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements.

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

Events after the balance sheet date

The ultimate parent of the Company, Management Consulting Group PLC, completed a successful fundraise in February 2021, raising £4.5m of new equity. This provides additional liquidity needed for working capital whilst the business returns to a more normal level of activity.

Financial risk management

The Company does not use derivatives to manage its financial risks. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risk the directors consider relevant to this Company is credit risk. This risk is mitigated by the Company's credit control policies.

Future Developments

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

Auditor

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

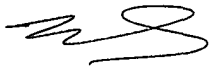
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

BDO 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
4th Floor, 10 Warwick Lane
London EC4M 7BP

27th July 2021

Directors' responsibilities statement

The director is responsible for preparing the director's report, the strategic report, and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 Management Consulting Group Overseas Limited

Opinion on the 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 2020 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Management Consulting Group Overseas Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and loss accounts, the balance sheet, the statement in changes in equity and notes to the financial statements, including a summary of significant accounting policies. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to THE MEMBERS of Management Consulting Group Overseas 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Other Companies Act 2006 reporting

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 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 material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

Independent Auditor's Report to THE MEMBERS of Management Consulting Group Overseas Limited (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to Management Consulting Group Overseas Limited. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102 and the Companies Act 2006) and taxation in the United Kingdom.

- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. Our review of board minutes were performed to ensure no material legal matters were detected.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Independent Auditor's Report to THE MEMBERS of Management Consulting Group Overseas Limited (continued)

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Tim Neathercoat (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom

Date : 27 July 2021

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

Profit and loss account

For the year ended 31 December 2020

		US\$	US\$
Operating (loss) / profit	3	(33,517)	6,244
		<hr/>	<hr/>
(Loss) / profit on ordinary activities before taxation		(33,517)	6,244
Tax on ordinary activities	4	—	—
		<hr/>	<hr/>
(Loss) / profit for the year		<u>(33,517)</u>	<u>6,244</u>

All amounts are from continuing activities.

Notes to the financial statements on pages 13-20 form an integral part of the financial statements.

Balance sheet

As at 31 December 2020

	<i>Notes</i>	2020 US\$	2019 US\$
Fixed assets		—	—
Investments	5		
Current assets			
Debtors – due within one year	6	256,709	256,700
Cash at bank and in hand		4,290	3,968
		<u>260,999</u>	<u>260,668</u>
Current liabilities			
Creditors: Amounts falling due within one year	7	<u>(19,090,783)</u>	<u>(19,056,934)</u>
Net current liabilities		<u>(18,829,784)</u>	<u>(18,796,267)</u>
Capital and reserves			
Called up share capital	8	6	6
Share premium account		<u>67,862,051</u>	<u>67,862,051</u>
Capital contribution reserve		544,000	544,000
Profit and loss account		<u>(87,235,841)</u>	<u>(87,202,324)</u>
Shareholders' deficit		<u>(18,829,784)</u>	<u>(18,796,267)</u>

The financial statements of Management Consulting Group Overseas Limited (registered number 02170154) were approved by the board of directors and authorised for issue on 27th July 2020.

Notes to the financial statements on pages 13-20 form an integral part of the financial statements.

They were signed on its behalf by:



N Stagg
Director

Statement of changes in equity

For the year ending 31 December 2020

	Called up share capital	Share Premium account	Capital contribution reserve	Profit and loss account	Total
	US\$ Note 8	US\$	US\$	US\$	US\$
Balance at 1 January 2019	6	67,862,051	544,000	(87,208,568)	(18,802,511)
Total comprehensive profit		-	-	6,244	6,244
Balance at 31 December 2019	6	67,862,051	544,000	(87,202,324)	(18,796,267)
Total comprehensive loss		-	-	(33,517)	(33,517)
Balance at 31 December 2020	6	67,862,051	544,000	(87,235,841)	(18,829,784)

Notes to the financial statements on pages 13-20 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 prior year.

Basis of preparation

Management Consulting Group Overseas 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 4.

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 Management Consulting Group Overseas Limited is considered to be US Dollars as its major cash flows are in US Dollars.

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 accounts. Accordingly, the preparation of group accounts 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's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

The company's business activity, as a head office holding company with no trading activity means that the company requires support from its parent and its subsidiaries, therefore the ongoing performance of the Proudfoot business is considered in this going concern statement.

The business prepares regular business forecasts which are reviewed by the Board. Forecasts are adjusted for sensitivities, which address the principal risks to which the company is exposed, and consideration is given to actions open to management to mitigate the impact of these sensitivities.

In assessing sensitivities, the Board took into account the previous slower than expected pace of change at Proudfoot and the disappointing results in past periods. The Board has, in particular, considered risks related to revenue and looked at assumptions both consistent with the recent past and the long-term changes in revenue

The global COVID-19 pandemic has resulted in a very significant reduction in turnover. This is due to the fact that consultants engaged on projects need to travel to client premises, this travel is of an international nature and the majority of countries are not allowing anything other than essential travel. Therefore, we are broadly unable to travel to clients to service their needs. Hence COVID-19 has introduced a significant, but temporary, business interruption. We have adjusted our business delivery model to remote working where possible and have worked with our clients to continue to provide services to them. A number of countries, where we operate, are now able to continue to allow businesses in most sectors to continue to trade and that has allowed us to slowly return to work. Travel

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

Going Concern (*continued*)

is still restricted, and we have utilised local staff and contractors to deliver our services. With the advent of significant vaccination programmes, we envisage moving back to more normal operating conditions by September 2021.

In light of the global pandemic, the Board continues to review on a regular basis its ability to operate as a going concern. The 24-week cash flow model continues to be regularly reviewed by the Board to manage the business. This forecast is based on current known revenue, as adjusted for the impact of COVID-19, and all forecast expenditure falling due within this period on a week-by-week basis. This has been extended over the going concern period to July 2022.

We have made a key assumption in our base Working Capital Model that the business interruption caused by the pandemic will ease over the summer with a slow ramp up to a normal resumption of work from September onwards. We have implemented a number of key mitigations in order to preserve liquidity. These include a temporary salary reduction of all employees by 25%, and the implementation of tax (VAT, PAYE and equivalent taxes) deferments, furlough of employees, and other government initiatives that have been introduced in the various geographies where we are based. The temporary salary reduction continued until 30 June 2021, thereafter the reduction will be reduced over the next six months to the 31 December 2021 when salary levels will be fully reinstated.

In February 2021, the MCG PLC, the direct parent of the company raised £4.5m of new equity from existing shareholders. This equity was in the form of new preference shares. This has provided the additional liquidity the company needs for working capital as the business returns to a more normal level of activity.

The Directors have prepared a second Realistic Worse Case (RWC) Working Capital Model with revenues reduced by 25% in 2021, and these reduced revenues continuing to the end of 2024. Certain mitigating actions have been used to adjust this forecast; we have maintained the 25% pay reduction and bonus payment freeze until the end of 2024. Combined with the reductions in base operating costs over the past two years, this shows that the business can maintain liquidity beyond the end of 2023 under such tough trading conditions.

However, if the impacts of COVID-19 are more prolonged than the director's expectations, the company may need to have to rely more heavily on support from its ultimate parent. The directors have received a letter of support from the parent, Management Consulting Group PLC, confirming that financial support from the parent will continue for at least twelve months (July 2022) from the date of these accounts and the intercompany creditors will not recall debt owing to them within twelve months (July 2022) from approval of these financial statements.

Notwithstanding the impact of COVID-19 identified above and even if the RWC scenario occurs and the deferral of certain costs is not obtained, the Directors have a reasonable expectation that the group will have sufficient cash flow through the going concern review period given the forecast average liquidity reserves of £5m for the next twelve months even in the RWC scenario, and available resources to continue operating for at least twelve months from the approval date of these Financial Statements. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements based on the support provided to the company by its ultimate parent company Management Consulting Group.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Financial Instruments

i. Financial assets and liabilities

All financial assets and liabilities are initially measured at their transaction price (including transaction costs). Financial assets and liabilities are only offset in the balance sheet where there exists a legally enforceable right to offset the recognised amounts and the company intends to settle on a net basis.

Debt instruments, both long and short-term, are subsequently measured at cost less impairment. 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.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or is cancelled.

ii. Investments

The investments represent equity holdings in subsidiary companies. These are carried at cost less impaired amounts and are reviewed annually for impairment.

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. These arise from the inclusion of gains and losses in tax assessments in periods different 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.

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.

Going concern

As noted under the going concern statement on pages 13-14 of the notes to the accounts, there are several areas of uncertainty in relation to assumptions made in regards to the impact of COVID-19 on the cash flow projections of the Proudfoot business, in particular the assumptions around when revenue will pick up and the uncertainty of any prolonged impact of COVID-19

Notes to the financial statements (continued)

1 Accounting policies (continued)

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. 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.

Recoverability of intercompany balances

Intercompany receivables from other group companies are not settled on a regular basis therefore at the end of each period a provision is recognised where it is unlikely that a group company will be able to repay the debt. This judgement is based on historic ability to repay, adjusted for current and forward-looking information after taking into account revenue forecasts and the group companies own working capital needs.

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 or other benefits in respect of their services to the Company in the current or prior financial year.

3 Operating profit

(Loss) / profit before tax has been arrived at after crediting the following:

	2020 US\$	2019 US\$
Net foreign exchange (losses)/gains on foreign currency borrowings	(31,968)	7,566

The operating loss of \$ 33,517 (2019: profit \$6,444) largely comprises unrealised gains and losses on the revaluation of intercompany balances.

The auditor's remuneration in respect of the audit of the financial statements of \$5,000 (2019: \$5,000) which was borne by the Company's parent company in the both the current and prior year.

Notes to the financial statements (continued)

4 Tax on ordinary activities

The tax charge comprises:

	2020 US\$	2019 US\$
Total tax charge on ordinary activities	-	-

Factors affecting the tax charge for the year

UK corporation tax is calculated at 19% (2019: 19.00%) of the estimated assessable (loss)/ 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:

	2020 US\$	2019 US\$
(Loss) / profit on ordinary activities before tax	(33,517)	6,244
Tax charge at 19% (2019: 19.00%)	(6,368)	1,186
<i>Factors affecting the tax charge:</i>		
Tax losses not utilised and carried forward to future periods for tax purposes	6,368	-
Tax losses utilised	-	(1,186)

The Company has unrelieved tax losses carried forward of US\$4.9m (2019: US\$4.9m). 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.

In the 2021 budget it was announced that the UK corporation tax rate is due to increase to 25% from 1 April 2023, however, this was not substantively enacted by the balance sheet date and therefore does not affect the rate used in the deferred tax recognition in these accounts.

Notes to the financial statements *(continued)*

5 Investments

The Company has the following subsidiary undertakings engaged in the provision of management consultancy. The subsidiary undertakings are all held directly and are of the entities ordinary share capital:

	Country of incorporation or principal business address	Principal activity	%
Alexander Proudfoot GmbH	Landstrasser Hauptstrasse 71/72, Vienna Austria	Trading	46%
MCG Company No 1	St Paul's House, 4 th Floor 10 Warwick Lane, London EC4M 7BP United Kingdom	Holding Company	14.05%
Proudfoot de Mexico SC	Rio Guadiana No. 11 Col. Cuauhtémoc 06500 Mexico, D.F.	Trading	24.52%

The investments in subsidiary held in Management Consulting Group Overseas Limited are fully impaired.

6 Debtors

	2020 US\$	2019 US\$
Amounts falling due within one year:		
Amounts due by group undertakings		
Alexander Proudfoot (Europe) Ltd	-	77,669
Alexander Proudfoot GmbH	-	4,200
Alexander Proudfoot Company	-	174,831
Management Consulting Group LLC	<u>256,709</u>	<u>-</u>
	<u>256,709</u>	<u>256,700</u>

At the balance sheet dates amounts owed from group undertakings are interest free and repayable in part or full at any time. As at the date of signing of these accounts, the above amounts have been repaid.

Notes to the financial statements (*continued*)

7 Creditors

Amounts falling due within one year:

	2020 US\$	2019 US\$
Amounts owed to group undertakings	(19,090,783)	19,056,934
	<u>(19,090,783)</u>	<u>19,056,934</u>

The amount set out above, represent amounts owed to group undertakings. These were interest free during the current and prior year. Amounts due are repayable in part or full at any time.

8 Called-up share capital and reserves

	2020 US\$	2019 US\$
<i>Allotted, called up and fully paid</i>		
4,001 ordinary shares of £0.001 each	<u>6</u>	<u>6</u>

Management Consulting Group Overseas 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.

Capital reserve contains the excess of market value over par when shares were issued to VRC in 2014.

The profit and loss reserve represent cumulative profits or losses.

11 Related party transactions

As the Company is a wholly owned subsidiary of Management Consulting Group PLC, the Company has taken advantage of the exemption contained in Section 33 1A 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 are no other related party transactions.

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 12.

Notes to the financial statements *(continued)*

12 Immediate and ultimate parent company

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, 4th Floor, 10 Warwick Lane, London EC4M 7BP.

On 24 June 2020, the ultimate parent of the company, Management Consulting Group PLC, delisted from the London Stock Exchange. The Board was of the view that the underlying Proudfoot business would be better placed to focus on the turnaround of the business in the private company environment. This would then free up both economic and time resource, allowing the board and management to focus on the implementation of the transformation strategy and to spend less time and money on the administration that comes with maintaining the premium listing.