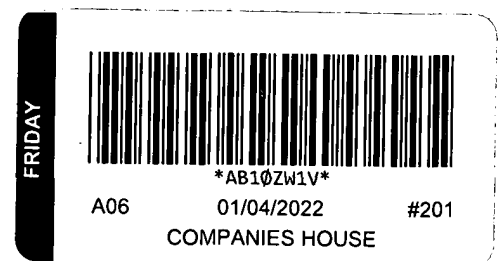


# McBains Limited

## Annual Report and Financial Statements

### For the year ended 31 December 2021



# McBains Limited

## Company Information

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<b>Directors</b>	A Coumidis R J Davies C E Docwra M Leeson L S Roberts A C Southgate	(Appointed 1 January 2021)
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<b>Secretary</b>	L S Roberts
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<b>Company number</b>	03094139
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<b>Registered office</b>	5th Floor 26 Finsbury Square London EC2A 1DS
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<b>Auditor</b>	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
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# McBains Limited

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# McBains Limited

## Strategic Report

For the year ended 31 December 2021

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The Directors present their report and financial statements for the year ended 31 December 2021.

### **Fair review of the business**

McBains is a multi-disciplinary property and construction consultancy, operating in an inter-disciplinary way. It provides a broad suite of surveying and design-related services to a wide selection of clients, across the private and public sectors, with a strong presence in the Residential, Industrial, Office, Healthcare, Education, Manufacturing and Defence industries.

The company's brand, culture and identity are highly valued. Central services, comprising finance, IT and human resources are delivered and resourced internally. The company works closely with RSBG UK central service teams, benefitting from the wider knowledge of the group.

Coronavirus persisted in 2021, with a National Lockdown dominating most of the first quarter and the Omicron variant creating disruption to usual activities in the final quarter. The company was already efficient at operating remotely, hence these hurdles had limited impact on day-to-day operations.

COVID restrictions and uncertainty, however, made it difficult to make commitments to events in the same shared physical space, such as conferences, training, and networking. Despite these limitations, the company has maintained a sense of belonging amongst its people and brand loyalty amongst its clients, by investing in a remote training platform, ICT systems and maintaining high levels of informative communication both internally and externally.

The public sector featured strongly in the year, with significant opportunities secured through existing frameworks. The company also gained positions on new and re-tendered frameworks during the period, reinforcing McBains's position in the public sector marketplace for the next 3 to 4 years.

In the private sector, volume housing re-bounded from 2020 levels, enabling the company to deepen its relationship with its clients and become a consultant of choice for many housebuilders. The company's monitoring division has seen a steady stream of deal flow as funders acclimatised to the impact of the pandemic and re-entered the market.

In recognition of strong performance early in the year, and opportunities to capitalise further on interdisciplinary ways of working, the company made two strategic hires, each to lead new service lines in Workplace, and Environmental & Social Governance (ESG), consultancy.

### **Development and performance**

Challenges associated with coronavirus and supply chain shortages resulted in escalating project costs, but the company performed well, continuing to win new business, maintaining high levels of utilisation and lowering overheads.

Gross revenue for 2021 was £22.4m (2020: £17.5m) and EBITDA was £3.3m (2020: £2.7m), reflecting a margin of approximately 15% (2020: 15%).

As a comparison to 2020, the company delivered a growth in gross revenue of 28% and an increase in EBITDA of 22%.

Net working capital has increased 20% in 2021 over 2020 as a result of increased sales, although effective management of the purchase ledger and credit control have mitigated that increase.

# McBains Limited

## Strategic Report (Continued)

For the year ended 31 December 2021

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### **Principal risks and future outlook**

Based on the success of the vaccination programme, it is anticipated that coronavirus will become less prevalent and influential in 2022's business activities. While some behaviours have changed at a faster rate due to coronavirus, a continuing return to towns and cities will help to revive some of the ecosystems that rely on that footfall. Subject to macro-economic pressures; leisure, travel and tourism should also see a resurgence.

Through frameworks, associated with levelling-up funds, and town centre regeneration programmes, the company will seek to secure new opportunities in this market and, utilising the skills within the business, begin to secure a greater market share in the residential, hotel and leisure sectors.

In the wake of COP 26, ESG will continue to move up the global corporate agenda, encouraging the company to invest further in this area over the forthcoming period. This will comprise both fee generating consultancy services and internal initiative, embedding the ESG agenda across the full suite of services that the company provides.

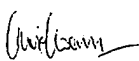
The performance of the company in the coming year will be swayed by inflationary pressures and the likely interest rate rises that will follow. The Russian invasion of Ukraine and Western embargo on Russian energy imports is expected to add to inflationary pressures.

Materials supply chain shortages are likely to further exacerbate construction cost increases and, combined with increased costs of borrowing, could challenge the viability of some projects.

The company will retain its quest for sustainable growth in the coming year, identifying and pursuing opportunities that capitalise on its network of services, and that enhance its resilience.

Investments in people will be a central theme to the company throughout 2022, with both technical and managerial training scheduled, conferences and events planned, and networking encouraged to benefit from the post-coronavirus environment. Given the current skills shortage in the market, it is important that the company invest in its staff to both retain the existing staff and attract new staff.

On behalf of the board



.....  
C E Docwra  
**Director**

.....  
Mar 23, 2022

# McBains Limited

## Directors' Report

For the year ended 31 December 2021

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The directors present their annual report and financial statements for the year ended 31 December 2021.

### Principal activities

The principal activity of the company continued to be that of provision of professional consulting services to the property and construction industry. The services include Project Management, Architecture, Cost Management, Mechanical and Electrical Engineering, Building Surveying, Civil and Structural Engineering and Asset Management.

### Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £2,125,000. The directors do not recommend payment of a further dividend.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Coumidis

R J Davies

C E Docwra

A Lee

(Resigned 1 January 2021)

M Leeson

L S Roberts

(Appointed 1 January 2021)

A C Southgate

### Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### 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 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, subject to any material departures disclosed and explained in the financial statements;
- 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.

# McBains Limited

## Directors' Report (Continued)

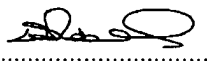
For the year ended 31 December 2021

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
L S Roberts  
**Director**

Mar 24, 2022  
Date: .....

# McBains Limited

## Independent Auditor's Report

### To the Members of McBains Limited

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#### Opinion

We have audited the financial statements of McBains Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

#### 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 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

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.

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 the 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.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

# McBains Limited

## Independent Auditor's Report (Continued)

### To the Members of McBains Limited

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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 Strategic Report and the Directors' Report.

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.

#### **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.

# McBains Limited

## Independent Auditor's Report (Continued)

### To the Members of McBains Limited

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#### **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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# McBains Limited

## Independent Auditor's Report (Continued)

### To the Members of McBains Limited

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#### **Explanation as to what extent the audit was considered 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of 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 to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

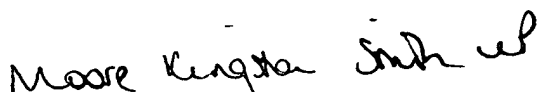
Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

#### **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.



**Rebecca Shields (Senior Statutory Auditor)**  
for and on behalf of Moore Kingston Smith LLP

Date: 29 March 2022

**Chartered Accountants**  
**Statutory Auditor**

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# McBains Limited

## Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	22,447,242	17,482,466
Cost of sales		(14,189,234)	(10,422,836)
<b>Gross profit</b>		<u>8,258,008</u>	<u>7,059,630</u>
Administrative expenses		(5,259,405)	(4,883,431)
Other operating income		117,881	317,061
<b>Operating profit</b>	<b>4</b>	<u>3,116,484</u>	<u>2,493,260</u>
Interest receivable and similar income	<b>8</b>	2,248	-
Interest payable and similar expenses	<b>9</b>	(79)	-
<b>Profit before taxation</b>		<u>3,118,653</u>	<u>2,493,260</u>
Tax on profit	<b>10</b>	(453,522)	11,007
<b>Profit for the financial year</b>		<u><u>2,665,131</u></u>	<u><u>2,504,267</u></u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

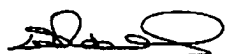
# McBains Limited

## Statement of Financial Position

As at 31 December 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	13	235,716		367,961	
Investments	14	2		2	
		<u>235,718</u>		<u>367,963</u>	
<b>Current assets</b>					
Debtors	16	8,948,750		11,131,334	
Cash at bank and in hand		1,404,691		1,178,057	
		<u>10,353,441</u>		<u>12,309,391</u>	
<b>Creditors: amounts falling due within one year</b>	17	(4,854,392)		(7,721,446)	
<b>Net current assets</b>		<u>5,499,049</u>		<u>4,587,945</u>	
<b>Total assets less current liabilities</b>		<u>5,734,767</u>		<u>4,955,908</u>	
<b>Provisions for liabilities</b>					
Provisions	18	(621,839)		(377,839)	
Deferred tax liability	19	-		(5,272)	
		<u>(621,839)</u>		<u>(383,111)</u>	
<b>Net assets</b>		<u><u>5,112,928</u></u>		<u><u>4,572,797</u></u>	
<b>Capital and reserves</b>					
Called up share capital	21	1,000,000		1,000,000	
Profit and loss reserves		4,112,928		3,572,797	
<b>Total equity</b>		<u><u>5,112,928</u></u>		<u><u>4,572,797</u></u>	

The financial statements were approved by the board of directors and authorised for issue on Mar 24, 2022  
and are signed on its behalf by:



L S Roberts  
Director

Company Registration No. 03094139

# McBains Limited

## Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2020</b>		1,000,000	2,568,530	3,568,530
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year		-	2,504,267	2,504,267
Dividends	11	-	(1,500,000)	(1,500,000)
<b>Balance at 31 December 2020</b>		1,000,000	3,572,797	4,572,797
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year		-	2,665,131	2,665,131
Dividends	11	-	(2,125,000)	(2,125,000)
<b>Balance at 31 December 2021</b>		1,000,000	4,112,928	5,112,928

# McBains Limited

## Notes to the Financial Statements

For the year ended 31 December 2021

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### 1 Accounting policies

#### Company information

McBains Limited is a private company limited by shares, domiciled and incorporated in England and Wales. The registered office is 5th Floor, 26 Finsbury Square, London, EC2A 1DS.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The information is included in the consolidated financial statements of RAG-Stiftung, a company registered in Germany, as at 31 December 2021 and these financial statements may be obtained from RAG-Stiftung, Ruttenscheider Strasse 1 - 3, 45128 Essen, Germany.

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

In 2020 the directors initiated robust business continuity plans in response to the COVID-19 pandemic which continued into 2021. The secured workload has largely remained unaffected at this stage by either short term financial decisions or by practical limitations brought about from changing work patterns. The company has a large number of contracts with Public Sector clients which are all expected to proceed as planned. Contracts held with private clients are predominantly with large corporates who are more resilient and are still planning on proceeding with those projects.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have assessed the impacts of the COVID-19 pandemic and have concluded that there is no significant impact to the going concern status of the company. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Fixtures and fittings	25% straight line
Computers	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

An element of the pension costs charged in the financial statements relate to a defined benefit scheme, inasmuch as there is a Guaranteed Money Purchase underpin, but this has not been brought on to the balance sheet as it is not material at the last formal valuation date at 6 April 2018.

#### **1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 1 Accounting policies

(Continued)

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### *Accrued income*

Accrued income is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date. This is compared to the total time expected to be required to undertake the contract. Estimates of the total time required to undertake the contracts are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

#### *Pension provision*

The company has an obligation to maintain funding to the company pension scheme to pay pension benefits to certain employees and as such, has provided for deficit contributions to be made to maintain the funding of the scheme. The provision made by the Directors is based on the valuation of the pension scheme's assets and liabilities and therefore the assumptions underlying this valuation. In arriving at the level of provision required for deficit contributions in the current year, the Directors have received differing estimates of these assumptions and therefore the level of provision required to meet the scheme's shortfall. All the information available to the Directors has been considered and the Directors have chosen to adopt the more prudent position in providing for the deficit contributions pending the full valuation as at 31 March 2021 being available and discussions with the Trustees of the pension scheme being finalised.

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 3 Turnover and other income

The whole of turnover is attributable to the company's principal activity.

	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	22,447,242	17,482,466

	2021 £	2020 £
<b>Other significant income</b>		
Research and development expenditure credit	82,617	220,000
Other operating income	24,521	9,083
Furlough grants claimed	10,743	87,978

### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	452	(2,746)
Depreciation of owned tangible fixed assets	204,252	200,041
Amortisation of intangible assets	-	21,202
Operating lease charges	455,291	472,131

### 5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	28,225	27,200
Other services	8,875	8,800
	37,100	36,000

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Operational	138	125
Management	8	8
Administration	24	21
Total	170	154

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	10,377,505	9,123,911
Social security costs	1,124,240	1,000,970
Pension costs	422,566	352,175
	11,924,311	10,477,056

### 7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	1,019,870	888,175
Company pension contributions to defined contribution schemes	99,780	107,841
	1,119,650	996,016

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2020 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	233,831	216,150
Company pension contributions to defined contribution schemes	16,516	25,664

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 8 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Other interest income	2,248	-

### 9 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	79	-

### 10 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	545,942	-
Adjustments in respect of prior periods	(26,871)	-
Total current tax	519,071	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(65,549)	(11,007)
Total tax charge/(credit)	453,522	(11,007)

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	3,118,653	2,493,260
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</i>	592,544	473,719
Tax effect of expenses that are not deductible in determining taxable profit	16,188	2,346
Adjustments in respect of prior years	(26,871)	-
Group relief	(98,175)	(464,356)
Research and development tax credit	(15,697)	(41,800)
Fixed asset and tempoaray timing differences	(14,467)	19,084
Taxation charge/(credit) for the year	453,522	(11,007)

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 11 Dividends

	2021 £	2020 £
Final paid	2,125,000	1,500,000

### 12 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2021	571,848
Disposals	(571,848)
At 31 December 2021	-
<b>Amortisation and impairment</b>	
At 1 January 2021	571,848
Disposals	(571,848)
At 31 December 2021	-
<b>Carrying amount</b>	
At 31 December 2021	-
At 31 December 2020	-

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 13 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>				
At 1 January 2021	390,353	113,856	725,499	1,229,708
Additions	-	-	72,007	72,007
Disposals	-	-	(197,564)	(197,564)
At 31 December 2021	390,353	113,856	599,942	1,104,151
<b>Depreciation and impairment</b>				
At 1 January 2021	269,564	89,086	503,097	861,747
Depreciation charged in the year	67,441	17,213	119,598	204,252
Eliminated in respect of disposals	-	-	(197,564)	(197,564)
At 31 December 2021	337,005	106,299	425,131	868,435
<b>Carrying amount</b>				
At 31 December 2021	53,348	7,557	174,811	235,716
At 31 December 2020	120,789	24,770	222,402	367,961

### 14 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	15	2	2

### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
McBains Cooper Consulting Limited	UK	Ordinary	100.00

The registered office of the subsidiary is the same as the company.

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 16 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	4,047,298	3,722,943
Accrued income	518,062	475,133
Corporation tax recoverable	20,000	307,242
Amounts owed by group undertakings	3,549,517	6,053,235
Other debtors	2,599	74,087
Prepayments	750,997	498,694
	<u>8,888,473</u>	<u>11,131,334</u>
Deferred tax asset (note 19)	60,277	-
	<u>8,948,750</u>	<u>11,131,334</u>

### 17 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	495,341	424,363
Amounts owed to group undertakings	1,252,834	4,304,949
Corporation tax	215,942	-
Other taxation and social security	837,798	1,247,032
Other creditors	75,766	63,321
Accruals and deferred income	1,976,711	1,681,781
	<u>4,854,392</u>	<u>7,721,446</u>

### 18 Provisions for liabilities

	2021	2020
	£	£
Dilapidations	148,334	98,334
Pension provision	323,505	179,505
Other provisions	150,000	100,000
	<u>621,839</u>	<u>377,839</u>

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 18 Provisions for liabilities

(Continued)

Movements on provisions:

	Dilapidations	Pension provision	Other provisions	Total
	£	£	£	£
At 1 January 2021	98,334	179,505	100,000	377,839
Additional provisions in the year	50,000	144,000	50,000	244,000
At 31 December 2021	<u>148,334</u>	<u>323,505</u>	<u>150,000</u>	<u>621,839</u>

The dilapidations provision relates to the anticipated costs for restoring the company offices to their original state on termination of the leases and is expected to be utilised in line with when the leases expire.

The pension provision relates to anticipated pension costs for the company pension. The provision is expected to be utilised over the next 4 years.

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020	Assets 2021	Assets 2020
Balances:	£	£	£	£
Accelerated capital allowances	-	47,273	(33,870)	-
Other timing differences	-	(42,001)	94,147	-
	<u>-</u>	<u>5,272</u>	<u>60,277</u>	<u>-</u>
				<b>2021</b>
				<b>£</b>
Movements in the year:				
Liability at 1 January 2021				5,272
Credit to profit or loss				(65,549)
Asset at 31 December 2021				<u>(60,277)</u>

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 20 Retirement benefit schemes

	2021	2020
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	422,566	352,175

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 21 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000

### 22 Financial commitments, guarantees and contingent liabilities

There are unquantified contingent liabilities in the normal course of business arising under consultancy contracts and the company is covered by professional indemnity insurance in respect of claims which the directors believe is adequate.

There is also an unlimited multilateral guarantee and debenture including fixed and floating charges over all assets between the company and its fellow group companies.

### 23 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	296,080	303,832
Between one and five years	567,486	34,475
	863,566	338,307

# McBains Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### **24 Related party transactions**

The company has taken advantage of the exemption available in accordance with FRS 102 'Related party disclosures' not to disclose transactions with other group companies.

### **25 Ultimate controlling party**

The ultimate controlling party of the company is RAG-Stiftung, a company registered in Germany.

The largest group of undertakings which prepares consolidated financial statements including the company is RAG-Stiftung. These financial statements may be obtained from RAG-Stiftung, Ruttenscheider Strasse 1-3, 45128 Essen, Germany.

The smallest group of undertakings which prepares consolidated financial statements including the company is RSBG UK Ltd. These financial statements may be obtained by RSBG UK Ltd, 5th Floor, 85 Strand, London, WC2R 0DW.