

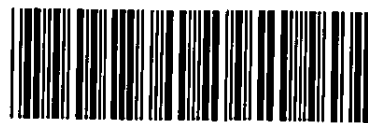
**MCG Company No 1 Limited**

**Directors' report and financial statements**

**Year ended 31 December 2009**

**Registered number 4897584**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2009. The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption re the Companies Act 2006.

### **Principal activity**

The principal activity of the company during the current and preceding year was that of an investment holding company. No change in activity is anticipated. The accounts have been prepared in US Dollars as the directors believe this to be the functional currency of the company as its cash flows are in US Dollars.

### **Business review**

The company made a loss for the year of US\$ 170,955,658 (2008 profit US\$13,447,205). During the year the company capitalised the intercompany receivables from its US group undertakings of US\$170,955,658 and subsequently recorded an impairment of these investments. In addition, the company recorded an impairment of US\$507,596 in relation to intercompany receivables.

### **Directors**

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

C W Ansley  
A L R Smyth  
C H Smith

### **Going concern basis**

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

### **Financial Risk Management Policy**

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

## **Directors' report** *(continued)*

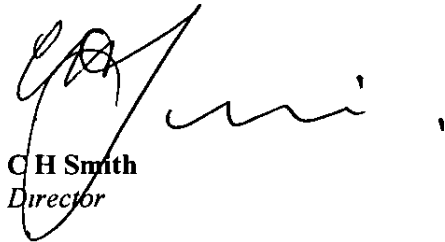
### **Disclosure of information to auditors**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### **Auditors**

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

Approved by the Board and signed on its behalf by



**C H Smith**  
*Director*

10 Fleet Place  
London EC4M 7RB

Date 21 July 2010

## **Statement of directors' responsibilities**

The directors are responsible for preparing 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

## **Independent auditors' report to the members of MCG Company No 1 Limited**

We have audited the financial statements of MCG Company No 1 Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

**Independent auditors' report to the members of MCG Company No 1 Limited**  
*(continued)*

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors report



**Nicola Mitchell (Senior Statutory Auditor)**

For and behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London

Date 21 July 2010

## Profit and loss account

for the year ended 31 December 2009

	Note	Year ended 31 December 2009 US\$	Year ended 31 December 2008 US\$
Administrative expenses	4	<u>(172,055,658)</u>	<u>-</u>
<b>Operating loss</b>		<b>(172,055,658)</b>	<b>-</b>
Investment income	5	<u>1,100,000</u>	<u>1,150,000</u>
Other income	5	<u>-</u>	<u>12,182,205</u>
<b>(Loss) / profit before taxation</b>		<b>(170,955,658)</b>	<b>13,332,205</b>
Tax income on loss/profit on ordinary activities	6	<u>-</u>	<u>115,000</u>
<b>(Loss)/profit for the year</b>		<b><u>(170,955,658)</u></b>	<b><u>13,447,205</u></b>

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

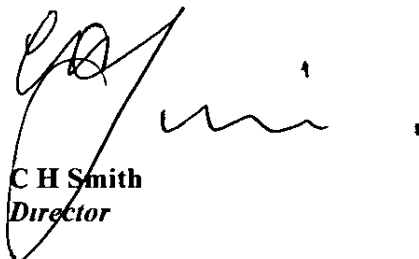
The results for both years relate to continuing operations

**Balance sheet**  
*at 31 December 2009*

	Notes	US\$	2009 US\$	US\$	2008 US\$
<b>Fixed assets</b>					
Investments	7		112,100,000		112,100,000
<b>Current assets</b>					
Debtors amounts falling due after more than one year	8	-		171,548,062	
Debtors amounts falling within one year	8		16,020,110	15,947,691	
			<u>16,020,110</u>	<u>187,495,753</u>	
<b>Creditors</b> Amounts falling due within one year	9	-		<u>(519,985)</u>	
<b>Net current assets</b>			<u>16,020,110</u>		<u>186,975,768</u>
<b>Net assets</b>			<u>128,120,110</u>		<u>299,075,768</u>
<b>Capital and reserves</b>					
Called up share capital	10		197,442,960		197,442,960
Share premium account	11		74,105,104		74,105,104
Profit and loss account	11		<u>(143,427,954)</u>		<u>27,527,704</u>
<b>Shareholders' funds</b>	12		<u>128,120,110</u>		<u>299,075,768</u>

The financial statements of company number 4897584 were approved by the board of directors and authorised for issue on 21 July 2010

They were signed on its behalf by

  
C H Smith  
Director

## **Notes to the accounts**

(forming part of the financial statements)

### **1 Accounting policies**

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

#### ***Basis of preparation***

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

#### ***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 401 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 Directors Report

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and Accounts

#### ***Functional currency***

The accounts have been prepared in US Dollars as the directors believe this to be the functional currency of the company as its major cash flows are in US Dollars

#### ***Cash flow statement***

Under Financial Reporting Standard Number 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement because it is a wholly owned subsidiary undertaking of Management Consulting Group PLC and its cash flows are included within the consolidated cash flow statement of that company

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

## Notes to the accounts (*continued*)

### 1. Accounting policies (*continued*)

#### ***Fixed asset investments***

Fixed asset investments, comprising shares in group undertakings, are stated at cost less provision for impairment

#### ***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 401 of the Companies Act 2006 and these financial statements represent information about the company as an individual undertaking

#### ***Taxation***

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

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

### 2 Staff numbers and costs

The company did not have any employees during either the current or the preceding year The directors did not receive any emoluments from the company

### 3 Auditors' remuneration

The auditors' remuneration of £2,000 (2008 £2,000) was borne by the company's parent company in both the current and prior year There were no amounts paid to the auditors by the company for non-audit services in either the current or the prior year

## Notes to the accounts *(continued)*

### 4 Administrative expense

	Year ended 31 December 2009 US\$	Year ended 31 December 2008 US\$
Provision against investment in group undertakings	171,548,062	-
Provision account receivables from group undertakings	507,596	-
	<u>172,055,658</u>	<u>-</u>

The company was due amounts totalling \$171.5 million from certain US group undertakings on 15 December 2008.

Pursuant to agreements entered into by the company, the company agreed to contribute the amounts due by the US group undertakings to the parent company (also a group fellow undertaking) of the US group undertakings.

The company then recognised a provision in respect of the full amount of the contribution made.

### 5 Investment income and other income

	Year ended 31 December 2009 US\$	Year ended 31 December 2008 US\$
Dividends received from group undertakings	1,100,000	1,150,000
Interest due from group undertakings	-	12,182,205
	<u>1,100,000</u>	<u>13,332,205</u>

### 6 Tax charge on loss/profit on ordinary activities

	2009 US\$	2008 US\$
<b>Current tax</b>		
UK corporation tax at 28% (2008: 28.5%) on the profit for the period on ordinary activities	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Prior period tax credit	-	(115,000)
Total tax charge/(credit) on profit on ordinary activities	<u>-</u>	<u>(115,000)</u>

## Notes to the accounts *(continued)*

### 6 Tax charge on loss/profit on ordinary activities *(continued)*

#### Factors affecting tax charge for the period

The applicable rate of tax on the company's profit on ordinary activities for the year is 28% (2008 28.5%) reflecting the reduction to 28% with effect from 1 April 2008

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

	2009 US\$	2008 US\$
(Loss) / profit on ordinary activities before tax	<u>(170,955,658)</u>	<u>13,332,205</u>
Expected tax charge at 28% (2008 28.5%)	(47,867,584)	3,799,678
Factors affecting the tax charge		
Non-taxable movements in provisions against investment and intra-group balances	-	-
Non-taxable consideration	48,175,584	(3,471,928)
Group relief claimed for nil consideration	<u>(308,000)</u>	<u>(327,750)</u>
Current tax charge	<u>-</u>	<u>-</u>

### 7 Investments held as fixed assets

	Country of incorporation	Shares in subsidiaries US\$
Alexander Proudfoot Overseas Holdings Limited	United Kingdom	12,100,000
Proudfoot Company AG	Switzerland	<u>100,000,000</u>
At 31 December 2008 and 31 December 2007		<u>112,100,000</u>

The Company held 100% of the ordinary shares of each of the above companies

### 8 Debtors

	Year ended 31 December 2009 US\$	Year ended 31 December 2008 US\$
Amounts owed by group undertakings due after more than one year	<u>-</u>	<u>171,548,062</u>
Amounts owed by group undertakings due within one year	<u>16,020,110</u>	<u>15,947,691</u>

The amounts owed by group undertakings represents consideration receivable from fellow subsidiary undertakings

**Notes to the accounts (continued)**

**9 Creditors: amounts falling due within one year**

	2009 US\$	2008 US\$
Amounts owing to group undertakings	-	519,985
	<u>-</u>	<u>519,985</u>

**10 Called up share capital**

	2009 £	2008 £
<i>Authorised</i> 150,000,000 ordinary shares of £1 each (2008 150,000,000)	<u>150,000,000</u>	<u>150,000,000</u>
<i>Allotted, issued and fully paid</i> 110,226,396 ordinary shares of £1 each (2008 110,226,396)	<u>110,226,396</u>	<u>110,226,396</u>
	<u>US\$</u> <u>197,442,960</u>	<u>US\$</u> <u>197,442,960</u>

**11 Movement in reserves**

	Profit and loss account US\$	Share premium US\$	Total US\$
As at 1 January 2008	14,080,499	74,105,104	88,185,603
Profit for the year	13,447,205	-	13,447,205
As at 1 January 2009	<u>27,527,704</u>	<u>74,105,104</u>	<u>101,632,808</u>
Loss for the year	(170,955,658)	-	(170,955,658)
As at 31 December 2009	<u>(143,427,954)</u>	<u>74,105,104</u>	<u>(69,322,850)</u>

**12. Reconciliation of the movement in shareholders' funds**

	2009 US\$	2008 US\$
Opening shareholders' funds	299,075,768	285,628,563
(Loss) / profit for the year	<u>(170,955,658)</u>	<u>13,447,205</u>
Closing shareholders' funds	<u>128,120,110</u>	<u>299,075,768</u>

## Notes to the accounts *(continued)*

### **13 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 FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) There were no other related party transactions requiring disclosure in the current or prior year The consolidated financial statements of Management Consulting Group PLC, within which the results of this company are included, can be obtained from the address given in note 14

### **14 Immediate and ultimate parent company**

The immediate and ultimate parent company and controlling party is Management Consulting Group PLC, a company incorporated in Great Britain and registered in England and Wales, which holds 87.14% of the ordinary share capital Alexander Proudfoot Overseas Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, holds the remaining 12.86% of the ordinary share capital

The smallest and largest group in which the accounts are consolidated is that headed by Management Consulting Group PLC Copies of the accounts of Management Consulting Group PLC may be obtained at the following address Management Consulting Group PLC, 10 Fleet Place, London EC4M 7RB