

**MCG Company No 1 Ltd**

**Annual report and audited financial  
statements**

**Year ended 31 December 2019**

**Registered number 04897584**

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## **Company Information**

### **Directors:**

- N Stagg
- P Hackett (appointed 10 April 2018)

**Company Registration Number - 04897584**

### **Registered Address:**

St Paul's House  
4<sup>th</sup> 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 2019. 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**

MCG Company No 1 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 a head office holding company. No change in activities 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 major cash flows are in US Dollars.

### **Business review**

The Company made a loss for the year of US\$3,572,000 (2018: US\$830,000).

### **Dividends**

The Directors do not intend to declare a dividend for 2019 (2018: 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**

Management have prepared a business forecast through to 31 December 2021. This forecast incorporates the actual results of the business for the first eight months of the year. The directors have forecast client work to pick up in 2021, but at a slower rate that would have been anticipated in normal business conditions.

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 is loss making in 2019, and at year end it was in a net liabilities position. The company has obtained support from intercompany creditors that they will not recall debt within 12 months from sign off date of the accounts

However, if the impacts of COVID-19 are worse or more prolonged than the director's expectations, the Group may need have to rely more heavily on support from its ultimate parent. Given the lack of certainty that COVID-19 will have on the Company's subsidiaries ability to deliver its services to its customers and the markets in which it operates, and the availability of support from liquidity providers to the ultimate parent, that may be required of which there is no guarantee, these conditions indicate the existence of a material uncertainty which my cast significant doubt on the Company's ability to continue as a going concern.

Notwithstanding the impact of COVID-19 identified above, the directors have a reasonable expectation that the company will have sufficient cash flow and available resources 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

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

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

### **Events after the balance sheet date**

On 30 January 2020, the World Health Organization announced that the novel Coronavirus ("Covid-19") Outbreak as a global health emergency. The subsidiaries ("Proudfoot") of which the Company is parent, has been heavily impacted by the Covid-19 pandemic in 2020. In order for Proudfoot to carry out its services the consulting workforce needs to travel to its clients' premises. Despite travel restrictions in place, in some locations where Proudfoot services are delivered to clients, some Project teams have been able to stay working at the client sites which has enabled some projects to continue and not be postponed. The impact of travel restrictions not only has impact on delivering its services but has also impacted on the ability for Proudfoot to generate future sales and win more work.

The ultimate parent of the Company has implemented a series of actions to protect the health and safety of its employees in line with advice from local authorities and government. These are monitored and reviewed on a regular basis and communicated to our employees and clients.

The duration of the current restrictions in place is currently undefined and therefore the length of business interruption cannot be estimated with any reasonable certainty. During this business interruption, the business is using all available governmental grants and assistance to maximise liquidity and minimise net cash outflow. The company is therefore managing its liquidity and cost base very tightly including the deferral of any non-essential expenditure and where appropriate temporary salary reductions of 25% have been implemented.

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.

### **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

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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  
10 Warwick Lane  
London  
EC4M 7BP

21st December 2020

## **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

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

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

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MCG COMPANY NO 1 LTD**

### **Opinion**

We have audited the financial statements of MCG Company No 1 Ltd ("the Company") for the year ended 31 December 2019 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

### **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.

### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements, which indicates the directors' considerations over going concern including the potential effects of the COVID-19 pandemic. The going concern of the company is dependent on that of its subsidiaries who themselves are reliant on the financial support of the ultimate parent company whose ability to provide the necessary support may be affected by the support of its own liquidity providers of which there is no guarantee. As stated in note 1, these events or conditions, along with other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors' 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.



**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MCG COMPANY NO 1 LTD**  
*(continued)*

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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

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

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

**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 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, 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

**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.

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MCG COMPANY NO 1 LTD**  
*(continued)*

**Auditor's responsibilities for the audit of the financial statements**

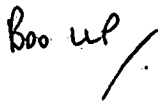
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

A further description of our responsibilities for the audit of the financial statements is located 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 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.



Tim Neathercoat (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

21<sup>st</sup> December 2020

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

## Profit and loss account

For the year ending 31 December 2019

	<i>Notes</i>	<b>2019 US\$'000</b>	<b>2018 US\$'000</b>
<b>Operating profit/(loss)</b>	<b>3</b>	<b>27</b>	<b>(104)</b>
Debt forgiveness	4	<b>(3,784)</b>	448
Impairment of investments	7	-	(1,230)
Net finance income	5	<b>185</b>	56
<b>Loss on ordinary activities before taxation</b>		<u><b>(3,572)</b></u>	<u><b>(830)</b></u>
Tax on ordinary activities	6	-	-
<b>Loss for the financial year</b>		<u><b>(3,572)</b></u>	<u><b>(830)</b></u>

The loss on ordinary activities before taxation derives entirely from continuing activities.

There were no recognised gains or losses in other comprehensive income in either year other than those shown in the profit and loss account therefore no statement of other comprehensive income is presented.

The notes on pages 12-20 form an integral part of the financial statements.

## Balance sheet

At 31 December 2019

	<i>Notes</i>	<b>2019</b> <b>US\$'000</b>	<b>2018</b> <b>US\$'000</b>
<b>Fixed assets</b>			
Investments	7	-	-
<b>Current assets</b>			
Debtors	8	690	3,950
Cash		2,273	-
<b>Total current assets</b>		<u>2,963</u>	<u>3,950</u>
<b>Creditors: Amounts falling due within one year</b>	9	(3,312)	(727)
<b>Net current (liabilities)/assets</b>		<u>(349)</u>	<u>3,223</u>
<b>Total net current assets less current liabilities</b>		<u>(349)</u>	<u>3,223</u>
<b>Capital and reserves</b>			
Called up share capital	10	9,872	9,872
Profit and loss account		(10,221)	(6,649)
<b>Shareholders' funds</b>		<u>(349)</u>	<u>3,223</u>

The financial statements of MCG Company No 1 Limited (registered number 04897584) were approved by the board of directors and authorised for issue on 21<sup>st</sup> December 2020.

Notes on pages 12-20 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 ended 31 December 2019

	<b>Called-up capital US\$'000 Note 10</b>	<b>Profit and loss US\$'000</b>	<b>Total Equity USD'000</b>
Balance at 1 January 2018	9,872	(5,819)	4,053
Comprehensive loss for the year	-	(830)	(830)
Balance at 31 December 2018	9,872	(6,649)	3,223
Comprehensive loss for the year	-	(3,572)	(3,572)
<b>Balance at 31 December 2019</b>	<b>9,872</b>	<b>(10,221)</b>	<b>(349)</b>

## Notes to 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.

#### *Statement of compliance*

MCG Company No 1 Ltd is a limited liability company incorporated in England. The registered office is St Paul's House, 4<sup>th</sup> Floor, 10 Warwick Lane, London, EC4M 7BP. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

#### *Basis of preparation*

The Company is a qualifying entity with regard to FRS 102 as the ultimate parent company Management Consulting Group PLC produces publicly available consolidated financial statements in accordance with IFRS. Copies of the accounts of Management Consulting Group PLC may be obtained at the following address: Management Consulting Group PLC, St Paul's House, 4<sup>th</sup> Floor, 10 Warwick Lane, London, EC4M 7BP.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

#### *Functional currency*

The functional currency of MCG Company No 1 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 financial statements. Accordingly, the preparation of group financial statements is not required under Section 400 of the Companies Act 2006 and these financial statements represent information about the Company as an individual undertaking.

#### *Going concern*

The Company made a loss of US\$ 3,572,000 (2018: US\$830,000) during the year and had net liabilities of US\$349,000 at 31 December 2019 (2018 net assets: US\$3,223,000). 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") of 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 deferrals and furlough of employees.

## Notes to the financial statements (*continued*)

### 1 Accounting policies (*continued*)

Management have prepared a business forecast through to 31 December 2021. This forecast incorporates the actual results of the business for the first eight months of the year. The directors have forecast client work to pick up in 2021, but at a slower rate that would have been anticipated in normal business conditions.

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 itself is loss making in 2019, and at year end it was in a net liabilities position. The company has 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.

Given the lack of certainty that COVID-19 will have on Proudfoot's ability to deliver its services to its customers and the markets in which it operates, if the impacts of COVID-19 are worse or more prolonged than the directors' expectations, Proudfoot may require additional financial support from Management Consulting Group PLC, the ultimate parent company. Management Consulting Group PLC itself is dependent on the availability of support from its liquidity providers of which there is no guarantee, which could in turn affect its ability to provide the necessary financial support to the Proudfoot. As a result of the Company's reliance on Proudfoot in order to continue as a going concern, these events or conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Notwithstanding the impact of COVID-19 identified above, the directors have a reasonable expectation that the company will have sufficient cash flow and available resources 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.

The directors believe Management Consulting Group PLC has the financial resources to fulfil this commitment.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

### *Cash flow statement*

The Company is exempt from the requirement to prepare a cash flow statement because it is a wholly-owned subsidiary undertaking of Management Consulting Group PLC and its cash flows are included within the consolidated cash flow statement of that company.

### *Financial Instruments*

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at their transaction price (including transaction costs). This includes the financial assets and liabilities classified as financing transactions under FRS 102 as the company has opted to apply the recognition and measurement provisions of IAS 39 from IFRS. This is a permissible accounting policy choice under FRS 102.

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

## **Notes to the financial statements (*continued*)**

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

#### ***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.

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

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

#### ***Cash***

Cash comprises cash held at bank. Cash is deposited in an interest bearing account and is readily available to fund its subsidiaries.

#### ***Taxation***

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the

financial statements that arise from the inclusion of gains and losses in tax assessments in periods difference from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

#### **Critical accounting judgements and key sources of estimation uncertainty**

The key assumptions concerning future and other key sources of estimation uncertainty at balance sheet date, that have a significant risk of causing a material adjustment in the carrying amounts of assets and liabilities within the financial year are disclosed below.

#### ***Going concern***

As noted under the going concern statement on page 12 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*)

### **Financial assets**

Intercompany balances are subject to an annual review and a provision is recognised where it is unlikely that a subsidiary will be able to repay the debt. This judgement is based on historic ability to repay the Company, adjusted for current and forward looking information, after taking into account revenue forecasts and subsidiaries own working capital needs.

### **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 in either year.

### **3 Operating Profit/(loss)**

Profit/(loss) before tax has been arrived at after charging/(crediting) the following:

	2019 US\$'000	2018 US\$'000
Foreign exchange gains on foreign currency borrowings	(215)	(108)
Foreign exchange losses on foreign currency borrowings	188	117
	<u>(27)</u>	<u>9</u>

The auditor's remuneration in respect of the audit of the financial statements of US\$ 5,000 (2018: \$6,450) was borne by the Company's parent company in the current year. In both the current and prior year, the Company did not pay the auditor for non-audit services.

### **4. Intercompany debt forgiveness**

	2019 US\$'000	2018 US\$'000
Intercompany debt forgiveness	<u>3,784</u>	<u>448</u>

The intercompany debt forgiveness of \$3,783 can be broken down as follows:

Provisions against intercompany receivables	US\$'000s
Alexander Proudfoot South Africa (Pty)	112
Proudfoot (de Mexico) SC	2
Management Consulting Overseas Ltd	1
Management Consulting Group Holdings LLC	344
	<u>459</u>

## Notes to the financial statements (*continued*)

### 4. Intercompany debt forgiveness

Provisions against intercompany loan receivables

Alexander Proudfoot South Africa (Pty)	3,325
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In 2018, the balance comprised of \$599,000 of provisions against intercompany receivables, \$980,000 credit of reversal of prior year provisions following repayment in full of intercompany balances, \$888,000 relating to intercompany re-assignment of payables previously held by Brazil and a credit of \$955,000 relating to provision reversals due to intercompany netting.

### 5 Net finance income

	2019 US\$'000	2018 US\$'000
Interest income from group loans	112	56
Interest from investment account	73	-
	185	56

### 6. Tax on ordinary activities

	2019 US\$'000	2018 US\$'000
Tax income on profit on ordinary activities.	-	-

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

UK corporation tax is calculated at 19 % (2018: 19.00%) of the estimated assessable profit/(loss) 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:

	2019 US\$'000	2018 US\$'000
Loss on ordinary activities before tax	(3,572)	(830)

## Notes to the financial statements (*continued*)

### 6. Tax on ordinary activities (*continued*)

Expected tax charge at 19 % (2018: 19.00%) (679) (158)

Factors affecting the tax charge:

Non – allowable expense	719	166
Group Relief	(40)	(8)
Current year tax charge	-	-

The Company has unrelieved tax losses carried forward of US\$ nil (2018: nil). No deferred tax asset has been recognised in respect of these losses as there is insufficient evidence that the asset will be reversed in the near term.

### 7. Investments held as fixed assets

	2019 US\$'000	2018 US\$'000
At 1 January 2019	1,230	1,230
Impairment in investment	(1,230)	(1,230)
At 31 December 2019	-	-

The shareholdings outlined below were of the subsidiary undertakings' ordinary shares and were held directly by the holding company. During 2018, the investments held in MCG Overseas Limited and Alexander Proudfoot France SAS were fully impaired.

Name of subsidiary	Address	Country of Incorporation	Holding (%)	Shareholding (\$'000)
MCG Overseas Limited	St. Paul's House, 4th Floor, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	14.05	-
MCG Overseas Holdings B.V.	Van der Valk Boumanlaan 13 I, 3446 GE Woerden, The Netherlands	Netherlands	81	-
Alexander Proudfoot France SAS	195 Avenue Charles de Gaulle, 92200 Neuilly -sur -Seine, France	France	100	-
Alexander Proudfoot Europe S.A.	523 Avenue Louise, Brussels 1050, Belgium	Belgium	100	-

Alexander Proudfoot S.A.	Capitan Haya 60, 2nd Floor, 28020 Madrid, Spain	Spain	100	-
Alexander Proudfoot South Africa	4th Floor Aloe Grove, Houghton Estate Office Park, 2 Osborn Road, Houghton, 2198, South Africa	South Africa	100	-
Alexander Proudfoot GmbH	C/o Regus Business Centre, An der Welle 4, 60322 Frankfurt am Main, Germany	Germany	100	-
Alexander Proudfoot Inc	161 Bay Street, 27th Floor, Canada Trust Tower, BCE Place, Toronto, Ontario M5J 2S1, Canada	Canada	100	-
Proudfoot Malaysia SDN BHD	(c/o: Systems & Associates SDN BHD), Plaza 138, Suite 18.03, 18th Floor, 138 Jalan Ampang, 50450 Kuala Lumpur, Malaysia	Malaysia	100	-
Proudfoot (de Mexico) SC	Río Guadiana No. 11, Col. Cuauhtémoc, 06500 México, D.F.	Mexico	100	-
Proudfoot Singapore	(Abogado Pte Ltd), 8 Marina Boulevard #05-02, Marina Bay Financial Centre Tower, Singapore 018981	Singapore	100	-

## 8. Debtors

	2019 US\$'000	2018 US\$'000
Amounts owed by group undertakings	54,778	54,262
Provisions against intercompany undertakings	<u>(54,088)</u>	<u>(50,312)</u>
Total	<u>690</u>	<u>3,950</u>

During 2019, there were various short-term loan advances entered with Alexander Proudfoot South Africa (Pty) Ltd, a 100% owned subsidiary of the company. During the year a total of \$1,600,000 was advanced to Alexander Proudfoot South Africa (Pty) Ltd. The entity pays interest based on the loan agreement using the three-monthly USD LIBOR rate plus a margin per the loan agreements at the time of the loan is taken out.

No loan was repaid in 2019 by Alexander Proudfoot South Africa (Pty) Ltd and therefore the loan balance increased to \$3,325,000 as at 31st December 2019. The full balance outstanding has been provided for in 2019. The interest charged for the loan was \$112,000 for the year.

## Notes to the financial statements (*continued*)

### 9. Creditors

	2019 US\$'000	2018 US\$'000
<u>Amounts owed to group undertakings:</u>		
Management Consulting Group PLC	2,696	1
Proudfoot Singapore Pte	-	95
Alexander Proudfoot Services GmbH	615	631
	<u>3,312</u>	<u>727</u>

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

### 10. Called up share capital

	2019 US\$'000	2018 US\$ '000
<i>Allotted, issued and fully paid</i>		
110,226,396 ordinary shares of £0.05 each (2018: £0.05)	£5,516	£5,516
Translated into functional currency at date of issue (FX rate £1: \$1.79)	<u>\$9,872</u>	<u>\$9,872</u>

MCG Company No 1 Ltd has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss reserve represent cumulative profits or losses

### 11 Related party transactions

As described in note 12 the Company is part of a group headed by Management Consulting Group PLC. The Company has taken advantage of the exemptions contained in Section 1A of FRS 102, and has therefore not disclosed transactions or balances with entities which are fully owned subsidiaries of the ultimate parent company, Management Consulting Group PLC. 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 12.

## Notes to the financial statements (*continued*)

### **12 Immediate and ultimate parent company**

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.