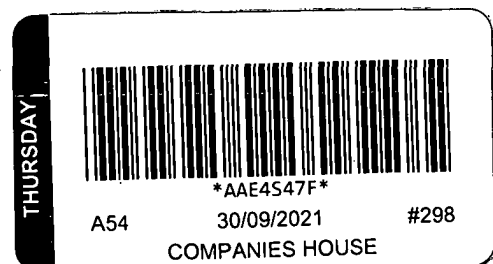


Registered number: 07630562

**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**



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**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J D F Palmer J Bojko A Singla (appointed on 21 May 2021)
<b>Registered number</b>	07630562
<b>Registered office</b>	The Post Building 100 Museum Street London WC1A 1PB
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

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**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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## QUANTUMBLACK VISUAL ANALYTICS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Results

The profit for the year ended 31 December 2020, after taxation, amounted to GBP 1,400,742 (2019: loss of GBP 12,265,756).

The focus of 2020 has been continuing the investment in talent to build a best in class pool of Data Science, Engineering and Design colleagues to serve our clients to solve some of their highest value problems.

#### Business review

QuantumBlack is an advanced analytics firm operating at the intersection of strategy, technology and design to improve performance outcomes for organizations.

In 2015, QuantumBlack became part of McKinsey & Company. Together QuantumBlack combines its advanced analytics, design and engineering expertise with McKinsey's industry knowledge and organizational change management experience.

When QuantumBlack combines its skills and approach with McKinsey & Company's knowledge and expertise, QuantumBlack equips clients with an incomparable level of competitiveness.

This partnership with McKinsey has seen QuantumBlack consolidate its position as a market leading advanced analytics firm and it is targeting growth in nascent markets.

#### Principal risks and uncertainties

The performance of the Company depends upon the financial health and strength of its customers, which in turn is dependent on the economic conditions of the industries and geographic region in which they operate.

The failure to attract and retain key employees could seriously impede the Company's objectives. The successful management and operations of the Company are reliant upon the contributions of its senior management and other key personnel. In addition, the Company's future success depends in part on its ability to continue to recruit, motivate and retain highly experienced and qualified employees in what is currently a 'white hot' talent market.

#### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk. The Company does not use derivative financial instruments.

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**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Credit risk**

The Company's principal financial assets are trade, intercompany and other receivables. The Company's credit risk is primarily attributable to these receivables. The amount presented in the balance sheet is net of allowance (if required at any place).

**Liquidity risk**

Risk that the Company be not able to pay its financial liabilities as a result of maturity overdue or mismatch between payables and receivables. In order to manage cash liquidity, there are forecasts for payables and receivables, which are monitored by group treasury team on a regular basis.

This report was approved by the board on 29/9/2021

and signed on its behalf.

*Jeremy Palmer*  
**J D F Palmer**  
**Director**

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**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

**Principal activity**

The principal activity of the Company during the period was that of information technology consultancy activities.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,400,742 (2019 - loss £12,265,756) on turnover of £37,279,679 (2019: £27,901,720).

A dividend of £Nil was paid in the year (2019: £Nil).

**Director**

The directors who served during the year were:

J D F Palmer  
J Bojko  
A Singla (appointed on 21 May 2021)  
K N P Henke (resigned 22 February 2021)

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' 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 and 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 judgments 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.

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**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Going concern**

Refer to Note 2.8 for the going concern disclosures.

**Disclosure of information to auditor**

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

There were no events that occurred after the balance sheet date.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29/9/2021

and signed on its behalf.

**J D F Palmer**  
Director

*Jeremy Palmer*



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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**Opinion**

We have audited the financial statements of Quantumblack Visual Analytics Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of 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**

We are responsible for concluding 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.





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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUMBLACK VISUAL ANALYTICS  
LIMITED (CONTINUED)**

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**Conclusions relating to going concern (continued)**

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUMBLACK VISUAL ANALYTICS LIMITED (CONTINUED)**

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**Matter on which we are required to report under the Companies Act 2006**

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 or the Directors' report.

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

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.

**Responsibilities of directors for the financial statements**

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.

**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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUMBLACK VISUAL ANALYTICS LIMITED (CONTINUED)**

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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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and industry in which it operates through our general, commercial and sector experience, discussions with management and inspection of board minutes. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and The Companies Act 2006), and the Company's tax position (UK corporate tax legislation).
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - challenging assumptions and judgements made by management in its significant accounting estimates, including the valuation of loans receivable;
  - identifying and testing journal entries, in particular, journal entries with characteristics that meet certain criteria assessed as higher risk; and
  - assessing the extent of compliance with the relevant laws and regulations that are of significance as part of our audit procedures.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the company, including the provisions of the applicable legislation.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUMBLACK VISUAL ANALYTICS  
LIMITED (CONTINUED)**

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

- The engagement team's communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of the timing or quantum of sales recognised via management override of controls;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The company's operations, including the nature of its revenue sources and of its objectives and strategies, to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
  - The company's control environment including:
    - management's knowledge of the relevant laws and regulations and how the company is complying with those laws and regulations;
    - the adequacy of procedures for authorisation of transactions;
    - procedures to ensure that possible breaches of law and regulations are appropriately resolved.

**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.

*Grant Thornton UK LLP*

Stephen Osborne  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London Finsbury  
Date: 29/9/2021

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**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Note	2020 £	2019 £
Turnover	4	37,279,679	27,901,720
Cost of sales		(24,875,947)	(20,442,702)
<b>Gross profit</b>		<b>12,403,732</b>	<b>7,459,018</b>
Administrative expenses		(10,906,436)	(19,586,497)
<b>Operating profit/(loss)</b>	5	<b>1,497,296</b>	<b>(12,127,479)</b>
Tax on profit/(loss)	8	(96,554)	(138,277)
<b>Profit/(loss) for the financial year</b>		<b>1,400,742</b>	<b>(12,265,756)</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 14 to 24 form part of these financial statements.

**QUANTUMBLACK VISUAL ANALYTICS LIMITED**  
**REGISTERED NUMBER:07630562**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	10	99,585	206,360
		<u>99,585</u>	<u>206,360</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	100,795	216,261
Cash at bank and in hand	12	642,957	789,719
		<u>743,752</u>	<u>1,005,980</u>
Creditors: amounts falling due within one year	13	(35,075,300)	(36,845,045)
<b>Net current liabilities</b>		<u>(34,331,548)</u>	<u>(35,839,065)</u>
<b>Total assets less current liabilities</b>		<u>(34,231,963)</u>	<u>(35,632,705)</u>
<b>Net liabilities</b>		<u>(34,231,963)</u>	<u>(35,632,705)</u>
<b>Capital and reserves</b>			
Called up share capital	17	5	5
Share premium account	18	1,629,300	1,629,300
Profit and loss account	18	(35,861,268)	(37,262,010)
		<u>(34,231,963)</u>	<u>(35,632,705)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

*Jeremy Palmer*

**J D F Palmer**  
 Director  
 Date: 29/9/2021

The notes on pages 14 to 24 form part of these financial statements.

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**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	5	1,629,300	(37,262,010)	(35,632,705)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,400,742	1,400,742
<b>Total comprehensive income for the year</b>	-	-	1,400,742	1,400,742
<b>At 31 December 2020</b>	<b>5</b>	<b>1,629,300</b>	<b>(35,861,268)</b>	<b>(34,231,963)</b>

**Statement of Changes in Equity  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	5	1,629,300	(24,996,254)	(23,366,949)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(12,265,756)	(12,265,756)
<b>Total comprehensive income for the year</b>	-	-	(12,265,756)	(12,265,756)
<b>At 31 December 2019</b>	<b>5</b>	<b>1,629,300</b>	<b>(37,262,010)</b>	<b>(35,632,705)</b>

The notes on pages 14 to 24 form part of these financial statements.

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**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	1,400,742	(12,265,756)
<b>Adjustments for:</b>		
Depreciation expense	163,525	347,238
Taxation expense	96,554	138,277
Decrease in debtors	115,465	1,209,336
(Decrease)/increase in creditors	(1,769,744)	9,768,372
Tax paid	(96,554)	(138,277)
<b>Net cash generated from operating activities</b>	<u>(90,012)</u>	<u>(940,810)</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(56,750)	(25,142)
<b>Net cash from investing activities</b>	<u>(56,750)</u>	<u>(25,142)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(146,762)</u>	<u>(965,952)</u>
Cash and cash equivalents at beginning of year	789,719	1,755,671
<b>Cash and cash equivalents at the end of year</b>	<u><u>642,957</u></u>	<u><u>789,719</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	642,957	789,719
	<u><u>642,957</u></u>	<u><u>789,719</u></u>

The notes on pages 14 to 24 form part of these financial statements.



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## QUANTUMBLACK VISUAL ANALYTICS LIMITED

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### 1. General information

Quantumblack Visual Analytics Limited is a private company, limited by shares and is incorporated in England. The registered office is The Post Building, 100 Museum Street, London, WC1A 1PB.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Turnover

##### Internal revenue

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the activities.

Revenue from provision of management consultancy services is recognised in the period the services are provided. Revenue earned from consultants loaned to fellow subsidiaries is recognised upon rendering of services.

##### External revenue

Revenue earned from earned on account of software development and consulting services supplied to customers during the year.

Revenue is recognised when the services are rendered in accordance with the terms of the agreement with the respective customers.

All revenue is recorded net of value added tax.

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**QUANTUMBLACK VISUAL ANALYTICS LIMITED**

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**2. Accounting policies (continued)****2.3 Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful lives.

Software development costs	5 years
Goodwill	5 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in the income statement in the periods expected to be benefited.

**2.4 Tangible fixed assets**

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

Depreciation is provided on the following basis:

Leasehold property	- Over term of the lease
Fixtures and fittings	- 25% straight line
Equipment	- 25% straight line
Artwork	- Non depreciable asset

**2.5 Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on straight line basis over the period of the lease.

**2.6 Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

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## QUANTUMBLACK VISUAL ANALYTICS LIMITED

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### 2. Accounting policies (continued)

#### 2.7 Research and development

Research and development expenditure is written off in the year in which it is incurred.

#### 2.8 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and consider that there are no material uncertainties that may cast doubt on the company's going concern status. The ultimate parent company, McKinsey & Company Inc, has provided a letter of support stating its intent to provide ongoing support to enable the company to pay its debts as they fall due for a period of at least twelve months from the date of approval of these financial statements so management has reviewed the range of potential performance scenarios considered by the parent company.

Management have derived a scenario designed to assess at what stage (before any mitigating actions were taken) the group would cease to be profitable and therefore generating sufficient cash to meet its obligations. This scenario is considered to be a very remote likelihood given current performance and there are also then a number of mitigating steps that management could take to offset the impact and maintain liquidity such that the support required would be able to be provided to this company.

Management has concluded that there is sufficient headroom from a liquidity perspective for the group to be able to meet its financial obligations as they fall due and therefore to provide support to this company for a period of at least twelve months from the date of approval of the financial statements.

For these reasons, after assessment of the parent entity's ability to continue to remain a going concern to the extent that it can continue to provide support to this entity, the directors continue to adopt the going concern basis in preparing the financial statements.

#### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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## QUANTUMBLACK VISUAL ANALYTICS LIMITED

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### 2. Accounting policies (continued)

#### 2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

#### 2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.13 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due.

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**2. Accounting policies (continued)**

**2.14 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Debtor recoverability - Based on their historical knowledge and understanding of the business, they are satisfied that the unprovided debtors are recoverable.

**4. Turnover**

	2020 £	2019 £
Turnover arising in the United Kingdom	5,932,973	5,928,031
Turnover arising outside of the United Kingdom	31,346,706	21,973,689
	<u>37,279,679</u>	<u>27,901,720</u>

**5. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	163,525	347,238
Net (gain)/loss on foreign currency translation	24,849	(12,914)
Fees payable to the Company's auditors and its associated for other services to the group:		
Audit	32,825	30,625
Non-audit services payable to the auditor	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

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**6. Employees**

	2020 £	2019 £
Wages and salaries	22,898,813	22,006,180
Social security costs	2,869,547	2,694,386
Cost of defined contribution scheme	1,649,539	1,432,025
	<u>27,417,899</u>	<u>26,132,591</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
	<u>172</u>	<u>176</u>

**7. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	<u>1,431,800</u>	<u>3,937,657</u>

The highest paid director received remuneration of £1,431,800 (2019: £1,530,412).

**8. Taxation**

	2020 £	2019 £
<b>Foreign tax</b>		
Foreign withholding tax	<u>96,554</u>	<u>138,277</u>
<b>Total current tax</b>	<u>96,554</u>	<u>138,277</u>

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**8. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%) as set out below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	<u>1,497,296</u>	<u>(12,127,479)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	<b>284,486</b>	<b>(2,304,221)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>(342,388)</b>	2,211,169
Provisions	<b>57,902</b>	93,052
Foreign withholding tax	<b>96,554</b>	138,277
<b>Total tax charge for the year</b>	<u><b>96,554</b></u>	<u><b>138,277</b></u>

**Factors that may affect future tax charges**

The Company has trading losses brought forward of GBP Nil (2019: GBP 3,143,011) for relief against future trading profits. No deferred tax asset has been created as it is not considered more likely than not that this will be reverse in the foreseeable future.

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**9. Intangible assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2020	1,060,000
At 31 December 2020	<u>1,060,000</u>
<b>Amortisation</b>	
At 1 January 2020	1,060,000
At 31 December 2020	<u>1,060,000</u>
<b>Net book value</b>	
At 31 December 2020	<u><u>-</u></u>
<i>At 31 December 2019</i>	<u><u>-</u></u>

The Goodwill relates to the "Nerve" development which was purchased in a trade and assets transaction on 11 December 2015.



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**10. Tangible fixed assets**

	Leasehold property £	Fixtures and fittings £	Equipment £	Artwork £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	1,233,819	549,348	631,554	-	2,414,721
Additions	-	-	-	56,750	56,750
Disposals	(1,224,955)	-	-	-	(1,224,955)
At 31 December 2020	8,864	549,348	631,554	56,750	1,246,516
<b>Depreciation</b>					
At 1 January 2020	1,225,402	470,967	511,992	-	2,208,361
Charge for the year on owned assets	889	78,381	84,255	-	163,525
Disposals	(1,224,955)	-	-	-	(1,224,955)
At 31 December 2020	1,336	549,348	596,247	-	1,146,931
<b>Net book value</b>					
At 31 December 2020	7,528	-	35,307	56,750	99,585
At 31 December 2019	8,417	78,381	119,562	-	206,360

**11. Debtors and other receivables**

	2020 £	2019 £
Other debtors	24,414	10,931
VAT recoverable	16,481	85,330
Prepayments	59,900	120,000
	<u>100,795</u>	<u>216,261</u>

Other debtors include a provision of £Nil (2019: Nil).

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**12. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	<u>642,957</u>	<u>789,719</u>

**13. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	24,455	414,528
Amounts owed to group undertakings	29,903,990	31,677,379
Other creditors	238,748	488,885
Accruals	4,908,107	4,264,253
	<u>35,075,300</u>	<u>36,845,045</u>

**14. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	1,484,375	902,995
Later than 1 year and not later than 5 years	5,937,500	5,937,500
Later than 5 years	19,799,089	21,283,464
	<u>27,220,964</u>	<u>28,123,959</u>

**15. Related party transactions**

At the reporting date, the Company owes McKinsey & Company, Inc. £29,903,990 (2019: £31,677,379). The balance is interest free and repayable on demand. Note that the Company is supported by its ultimate parent company McKinsey & Company, Inc. who have confirmed that, if required, they will provide financial support that will enable the Company to pay its debts as they fall due for a period of at least 12 months from the date of signing.

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**16. Financial instruments**

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets that are measured at amortised cost	<u>667,371</u>	<u>800,650</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(30,167,193)</u>	<u>(32,580,792)</u>

**17. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
506,008 Ordinary shares of £0.00001 each	<u>5</u>	<u>5</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

**18. Reserves**

**Profit and loss account**

Includes all current and prior period profit and losses.

**Share premium account**

Includes all excess amounts paid over nominal value of share capital.

**19. Post balance sheet events**

There were no events that occurred after the balance sheet date.

**20. Ultimate controlling party**

The ultimate controlling party is McKinsey & Company, Inc., a company registered in the United States.

The immediate parent company is McKinsey & Company, Inc. United Kingdom, a company incorporated in the United States of America.