

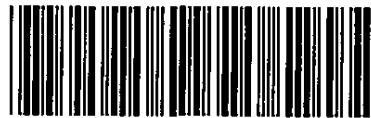
MCG Company No 1 Limited

**Directors' report and audited financial
statements**

Year ended 31 December 2012

Registered number 04897584

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Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 December 2012. This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activities

The principal activity of the Company during the year was that of an investment 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\$ 264,000 (2011: US\$ nil). The Company did not pay a dividend during the current or the prior financial years.

During 2012, MCG Company No 1 Limited's wholly owned subsidiary Proudfoot Company AG Zug was liquidated. Prior to the liquidation all of Proudfoot Company AG Zug's assets and liabilities were transferred to MCG Company No 1 Limited.

Directors

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

C W Ansley
N Stagg
C Povey

Going concern

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.

Going concern is discussed further in Note 1 to the accounts.

Financial risk management

The Company does not use derivatives to manage its financial risks. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. 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.

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he 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.

Directors' report *(continued)*

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

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 auditor in the absence of the Annual General Meeting

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Chris Povey', is written over the signature line.

C Povey
Director

10 Fleet Place
London EC4M 7RB

28 June 2013

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 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 2012 which comprise the Profit and Loss Account, Statement of total recognised gains and losses, the Balance Sheet and the related notes 1 to 13. 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 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.

Respective responsibilities of directors and auditor

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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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 auditor's 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



Anthony Morris (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

30 June 2013

At 31 December 2012

	<i>Notes</i>	2012 US\$'000	2011 US\$'000
Operating expenses		<u>(69)</u>	-
Operating loss	3	(69)	-
Net finance expense	4	<u>(195)</u>	-
Loss on ordinary activities before taxation		(264)	-
Tax on ordinary activities	5	-	-
Loss for the financial year		<u>(264)</u>	-

Statement of total recognised gains and losses

	<i>Notes</i>	2012 US\$'000	2011 US\$'000
Unrecognised gain arising from liquidation of subsidiary	10	52,800	-
Loss for the financial year	10	(264)	-
Total recognised gains and losses for the year	10	<u>52,536</u>	-

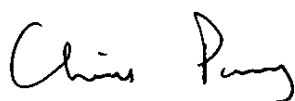
Balance sheet

at 31 December 2012

	Notes	2012 US\$'000	2011 US\$'000
Fixed assets			
Investments	6	138,187	112,100
Current Assets			
Debtors	7	42,816	16,020
Cash at bank and in hand		6	-
		<u>42,822</u>	<u>16,020</u>
Creditors Amounts falling due within one year	8	<u>(353)</u>	<u>-</u>
Net current assets		42,469	16,020
Net assets		<u>180,656</u>	<u>128,120</u>
Capital and reserves			
Called up share capital	9	197,443	197,443
Share premium account	10	74,105	74,105
Profit and loss account	10	<u>(90,892)</u>	<u>(143,428)</u>
Shareholders' funds	11	<u>180,656</u>	<u>128,120</u>

The financial statements of company number 04897584 were approved by the board of directors and authorised for issue on 28 June 2013

They were signed on its behalf by



C Povey
 Director

Notes to the accounts

1 Accounting policies

The following accounting policies have been applied consistently in the current and prior year 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

Going concern

The Company made a loss of US\$ 264,000 (2011 US\$ nil) during the year and had net assets of US\$ 180,656,000 at 31 December 2012 (2011 US\$ 128,120,000) 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 After making enquiries, 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 report and financial statements

Group accounts

At the end of the year the Company was a wholly owned subsidiary of a company incorporated in a member state of the European Economic Community which prepares group accounts Accordingly, the preparation of group accounts is not required under Section 400 of the Companies Act 2006 and these financial statements represent information about the Company as an individual undertaking

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

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

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

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

Notes to the accounts (*continued*)

3 Operating loss

The auditor's remuneration of \$4,000 (2011 \$nil) was borne by the Company's parent company in the current year. During the year, the Company paid \$nil to the auditor for non-audit services (2011 \$nil).

4 Net finance expense

	2012 US\$'000	2011 US\$'000
Foreign exchange gains on foreign currency borrowings	2,205	-
Foreign exchange losses on foreign currency borrowings	(2,507)	-
Interest income from group loans	107	-
	<u>(195)</u>	<u>-</u>

5. Tax charge on profit on ordinary activities

	2012 US\$'000	2011 US\$'000
Tax charge on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the year

UK corporation tax is calculated at 24.5% (2011 26.5%) of the estimated assessable profit for the year.

The tax charge for the year is less than the charge expected by applying the applicable rate for the reasons set out in the following reconciliation.

	2012 US\$'000	2011 US\$'000
Loss on ordinary activities before tax	<u>(264)</u>	<u>-</u>
Expected tax charge at 24.5% (2011 26.5%)	(65)	-
Factors affecting the tax charge		
Other taxable income	564	-
Group relief claimed for nil consideration	<u>(499)</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

Notes to the accounts (continued)

5. Tax charge on profit on ordinary activities (continued)

From 1 April 2012, the main rate of corporation tax will reduce to 23%. This was substantively enacted in July 2012 and is reflected, where appropriate, in the tax disclosures. In the 2012 Autumn Statement, the Government announced further reductions to the main rate of corporation tax, such that there will be a rate of 21% in place from April 2014. This change was not substantively enacted at the balance sheet date and therefore has not been reflected in the financial statements.

6. Investments held as fixed assets

	Shares in group undertakings US\$'000
<i>Cost</i>	
At 1 January 2012	112,100
Additions	126,087
Disposals	(100,000)
At 31 December 2012	138,187

The disposal in the year wholly relates to the liquidation of Proudfoot Company AG. The addition in the year wholly relates to MCG Overseas Holdings B.V. The reorganisation of these balances has resulted in an unrecognised gain of \$52.8m through the Statement of total recognised gains and losses being the difference between historical cost to the group and cost to the company. Prior to Proudfoot Company AG's liquidation, the company's assets and liabilities were transferred to MCG Company No 1 Limited, including investments with a book value of \$126m (see the table below for details).

Name of company	Country of Incorporation	Holding (%)	Shareholding (\$'000)
MCG Overseas Limited	United Kingdom	14.05	12,100
MCG Overseas Holdings B.V. (*)	Netherlands	81	126,087
Proudfoot Netherlands B.V. (*)	Netherlands	100	-
Kurt Salmon Switzerland SARL (*)	Switzerland	100	-
Alexander Proudfoot Europe S.A. (*)	Belgium	100	-
Alexander Proudfoot S.A. (*)	Spain	100	-
Alexander Proudfoot South Africa (*)	South Africa	100	-
Alexander Proudfoot GmbH (*)	Germany	100	-
Alexander Proudfoot Inc (*)	Canada	100	-
Proudfoot Malaysia SDN BHD (*)	Malaysia	100	-
Alexander Proudfoot Services GmbH (*)	Germany	100	-
Proudfoot (de Mexico) SC (*)	Mexico	100	-
Proudfoot Singapore (*)	Singapore	100	-

(*) – Investments transferred from Proudfoot Company AG

Notes to the accounts (*continued*)

7 Debtors

	Year ended 31 December 2012 US\$'000	Year ended 31 December 2011 US\$'000
Amounts owed by group undertakings due within one year	<u>42,816</u>	<u>16,020</u>

Amounts owed by group undertakings are interest free as at 31 December 2012 and are repayable in part or full at any time

8 Creditors

	2012 US\$'000	2011 US\$'000
Trade creditors	83	-
Amounts owed to group undertakings within one year	171	-
Other taxes payable	4	-
Accruals	<u>95</u>	<u>-</u>
	<u>353</u>	<u>-</u>

9 Called up share capital

	2012 £'000	2011 £'000
<i>Allotted, issued and fully paid</i>		
110,226,396 ordinary shares of £1 each	<u>110,226</u>	<u>110,226</u>
	US\$'000	US\$'000
Translated into functional currency at date of issue	<u>197,443</u>	<u>197,443</u>

Notes to the accounts (*continued*)

10 Movement in reserves

	Profit and loss account US\$'000	Share premium US\$'000	Total US\$'000
As at 1 January 2012	(143,428)	74,105	(69,323)
Loss for the year	(264)	-	(264)
Unrecognised gains	52,800	-	52,800
As at 31 December 2012	(90,892)	74,105	(16,787)

11 Reconciliation of the movement in shareholders' funds

	2012 US\$'000	2011 US\$'000
Opening shareholders' funds	128,120	128,120
Loss for the year	(264)	-
Unrecognised gains	52,800	-
Closing shareholders' funds	180,656	128,120

12 Related party transactions

As described in note 13, the Company is part of a group headed by 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 13.

13 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. MCG Overseas Limited (formerly 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.

