Management Consulting Group PLC

Annual report and financial statements for the year ended
31 December 2020
Registered number 1000608

Contents

Company Information

Directors:

- Mr N S Stagg
- Ms P Hackett
- Mr M Capello
- Ms F Czerniawska
- Mr E Di Spiezio Sardo

Company Secretary:

- Prism CoSec Ltd

Company Registration Number - 1000608

Registered Address:

St Paul's House
10 Warwick Lane
London
EC4M 7BP

Country of Incorporation – United Kingdom

External Auditor:

BDO LLP
55 Baker Street
Marylebone
London
W1U 7EU

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review
The loss after tax for the year was £8,212k (2019: loss of £6,062k).

On 30 January 2020, the World Health Organization announced that the novel Coronavirus ("COVID -19") Outbreak was a global health emergency. The business has been heavily impacted by the COVID-19 pandemic during 2020. For Proudfoot to deliver its services, the consulting workforce needs to travel to client locations, wherever they may be. Despite travel restrictions in place in some locations where Proudfoot services are delivered to clients, some Project teams have been able to continue working at client sites. This has enabled some projects to continue and not be postponed. The impact of travel restrictions not only has an impact on delivering services, but has also impacted the ability of Proudfoot to generate future sales and win more work.

The performance of the business in 2020 has been significantly affected by the Covid-19 pandemic with Group revenues falling by 57% to £14,228k (2019: £33,200k). Gross margin reduced to 40% (2019: 48%) and the Group made an operating loss of £7,526k (2019: loss of £4,837k).

The loss from underlying operations was £8,209k (2019: £4,622k).

On 24 June 2020, the Company delisted from the London Stock Exchange.

Principal Risks and Uncertainties

Demand
Changes in demand for the Group's services can significantly impact revenues and profits. Alexander Proudfoot, the only operating arm of the Group, operates in several industry sectors, and demand for consulting work can be affected by global, regional, or national macro-economic conditions and conditions within individual industry sectors. Proudfoot operates in a competitive environment, where other consulting firms seek to provide similar services to our clients.

The Group seeks to monitor demand for its services, to anticipate changes in demand and competitive pressures where possible, and to develop a strategy and offering to exploit opportunities for growth in sectors where demand is increasing. The Group operates across a diverse range of business sectors which provides some protection against adverse trends in individual sectors. The Group retains some flexibility in being able to deploy staff to areas of higher demand to optimise utilisation.

People
The Group is dependent on the recruitment and retention of key personnel to develop and maintain relationships with clients and to deliver high quality services. Any failure to attract and retain such personnel which results in their unforeseen departure from the business may have detrimental consequences on the Group's financial performance.

The Group seeks to develop remuneration policies and structures that reward good performance and promote continued employment with the Group consistent with prevailing market levels of remuneration.

Brexit
In January 2020, the UK Government ratified an EU-withdrawal agreement and the UK was in a transition period which ended on 31 December 2020. Although the Company is now outside the EU, the Group has subsidiaries that are registered in the major EU economies of France, Germany, Spain and Austria. This structure allows the Group to mitigate the impact of labour mobility, regulatory issues, taxation, the potential for more complex administration and foreign exchange implications. The directors have considered the nature of the Group's business and operating mode and believe that the group will not be materially impacted by the Company now being registered outside of the EU.

Intellectual Property
The intellectual capital of Alexander Proudfoot, the sole trading arm of the Group, including its methodologies and its track record of successful sale and delivery of assignments to clients is a key asset. This must be maintained, continually developed and protected, so that its offerings remain distinctive and attractive to clients. It is possible that employees who exit the business may appropriate this intellectual capital for use by themselves or Alexander Proudfoot's competitors.

The Group protects its intellectual property through appropriate contractual arrangements with employees and others, and through legal action where necessary.

Pandemic
As a result of the COVID-19 pandemic, revenues were significantly reduced from 2019. For Proudfoot to deliver its services, the consulting workforce needs to travel to its clients' premises, which has been severely restricted during the course of 2020. In light of restrictions on travel and social distancing, the Group has adapted its working practices to deliver its services to clients remotely where travel is difficult and to use local subcontractors where appropriate.

The Ggoup 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 Group has taken advantage of governmental incentives to support the business through the pandemic. These have been limited to the furloughing of employees in the UK and France, in the US the Payment Protection Program and the Canada Emergency Wage Subsidy helped to fund payroll costs and benefits.

Events after the balance sheet date
The global COVID-19 pandemic has resulted in a very significant reduction in turnover. This is due to the fact that the consultants engaged on projects have to travel to client premises, this travel is of an international nature and the majority of countries are not allowing anything other than essential travel. Therefore, we are broadly unable to travel to clients to service their needs. Hence COVID-19 has introduced a significant, but temporary, business interruption. We have adjusted our business delivery model to remote working where possible and have worked with our clients to continue to provide services to them. A number of countries, where we operate, are now able to continue to allow businesses in most sectors to continue to trade and that has allowed us to slowly return to work. Travel is still restricted, and we have utilised local staff and contractors to deliver our services. With the advent of significant vaccination programmes, we envisage a move back to more normal operating conditions by September 2021. The impact of the pandemic on the Directors going concern assessment is discussed in the Directors report on pages 4 - 6.
On 25 February 2021, the Company completed a successful fundraise, by way of an open offer to existing shareholders and subscriptions by the management team. The Company raised a total of £4.47m representing 90% of the Offer.

On 15 March 2021, our application for a second tranche of the pay-check protection programme loan scheme in the US was successful and funds of $1,064,403 were received. In December 2020, we applied for full waiver of the first tranche of the PPP loan received in May 2020 and on 23 May 2021, the Small Business Administration fully approved our forgiveness request and any obligations that the Company had in respect of the loan have now been satisfied. The Group has also taken advantage of the Employee retention credit under the United States CARES Act, which provides a refundable tax credit. against employment taxes for businesses impacted by the pandemic.

For further information on post balance sheet events refer to Note 23 on page 51.

Outlook
Having completed the equity fundraise in February and received a further tranche of the US PPP loan in March 2021, liquidity in the Group has been significantly improved. Although the impact of the pandemic is still being felt, the first quarter has seen a small positive uplift in revenues and the pipeline of new opportunities. The significantly reduced cost base will allow the group to move into profit at lower levels of revenue than in previous years, and the upward trend in performance indicates a return to profitability in the near future.

Approved by the Board of Directors and signed on its behalf by:

N S Stagg
Chairman

18 June 2021

St Paul's House
10 Warwick Lane
London
EC4M 7BP

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 2020.

General information
Management Consulting Group PLC ("the Company") is a public company and the Group's ulitmate parent company and is incorporated and domicilied in England under the Companies Act 2006.

Principal activity
The Group's principal activity during the year was the provision of management consultancy services.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The Group prepares regular business forecasts which are reviewed by the Board. Forecasts are adjusted for sensitivities, which address the principal risks to which the Group is exposed, and consideration is given to actions open to management to mitigate the impact of these sensitivities.

In assessing sensitivities, the Board took into account the previous slower than expected pace of change at Proudfoot and the disappointing results in past periods. The Board has, in particular, considered risks related to revenue and looked at assumptions both consistent with the recent past and the long-term changes in revenue. In addition, we have considered the risks related to the balance of the Kurt Salmon escrow funds (now being a reduced amount of £0.5m as of the date of this report (2019: £2.7m)) and have made assumptions on a worst case that these are not resolved during the period of review.

The global COVID-19 pandemic has resulted in a very significant reduction in turnover. This is due to the fact that consultants engaged on projects need to travel to client premises, this travel is of an international nature and the majority of countries are not allowing anything other than essential travel. Therefore, we are broadly unable to travel to clients to service their needs. Hence COVID-19 has introduced a significant, but temporary, business interruption. We have adjusted our business delivery model to remote working where possible and have worked with our clients to continue to provide services to them. A number of countries, where we operate, are now able to continue to allow businesses in most sectors to continue to trade and that has allowed us to slowly return to work. Travel is still restricted, and we have utilised local staff and contractors to deliver our services. With the advent of significant vaccination programmes, we envisage moving back to more normal operating conditions by September 2021.

In light of the global pandemic, the Board continues to review on a regular basis its ability to operate as a going concern. The 24-week cash flow model continues to be regularly reviewed by the Board to manage the business. This forecast is based on current known revenue, as adjusted for the impact of COVID-19, and all forecast expenditure falling due within this period on a week-by-week basis.

We have made a key assumption in our base Working Capital Model that the business interruption caused by the pandemic will ease over the summer with a slow ramp up to a normal resumption of work from September onwards. We have implemented a number of key mitigations in order to preserve liquidity. These include a temporary salary reduction of all employees by 25%, and the implementation of tax (VAT, PAYE and equivalent taxes) deferments, furlough of employees, and other government initiatives that have been introduced in the various geographies where we are based. The temporary salary reduction is assumed to continue until 30 June 2021, thereafter the reduction will be reduced over the next six months to the 31 December 2021 when salary levels will be fully reinstated. We have also assumed the postponement of pension contributions for 2021, due in the USA, amounting to £1.5m with the payment being deferred into 2022 and beyond. The Company has made an application to the Pension Board in the USA in respect of this deferral. The Model includes the second tranche of the pay-check protection programme loan scheme as announced by the US Government, received in March 2021.

In February, the Company raised £4.5m of new equity from existing shareholders. This equity was in the form of new preference shares. This has provided the additional liquidity the Group needs for working capital as the business returns to a more normal level of activity. Performance to May has exceeded the initial February forecasts on which the going concern assessment has been performed.

The Group continues to manage the liabilities related to the disposals made in 2015 and 2016 and, in particular, to negotiate the release of funds held under the escrow arrangements which guarantee certain contingent liabilities relating to the disposal of parts of the Kurt Salmon business in 2016.

The Directors have prepared a second Realistic Worse Case (RWC) Working Capital Model with revenues reduced by 25% in 2021, and these reduced revenues continuing to the end of 2024. Certain mitigating actions have been used to adjust this forecast; we have maintained the 25% pay reduction and bonus payment freeze until the end of 2024. Combined with the reductions in base operating costs over the past two years, this shows that the business can maintain liquidity beyond the end of 2023 under such tough trading conditions.

Notwithstanding the impact of COVID-19 identified above and even if the RWC scenario occurs and the deferral of certain costs is not obtained and the Directors assumptions on legal case outcomes and PPP loan eligibility are inaccurate, the Directors have a reasonable expectation that the Group will have sufficient cash flow through the going concern review period given the forecast average liquidity reserves of £5m for the next twelve months even in the RWC scenario, and available resources to continue operating 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 the Group and the Company its Financial Statements.

Dividend
The Directors are not proposing a dividend and there were none declared during 2020 (2019:nil).

Future Developments and Events after the Balance Sheet Date have been considered within the Strategic Report on Pages 2-3.

Employees
The Group employees its people in multiple geographies. Employment practices meet legal requirements in each country.

It is Group policy that all people be treated with dignity and respect. The Group is committed to providing and fostering a working environment that is free from harassment, discrimination, victimisation or bullying.

A high-performing organisation depends on the inclusion of people who come from diverse backgrounds. It is the Group's policy to ensure equal opportunities exist without discrimination for all employees, irrespective of their race, colour, creed, religion, gender, ancestry, citizenship, sexual preference, marital status, national origin, age, pregnancy, or any other reason prohibited by the law in the United Kingdom. This applies with respect to recruitment, promotion, remuneration, transfer, retention, training, and other employment actions. Wherever possible, the employment of members of staff who become disabled will be continued and appropriate training and career development will be offered.

Employees have a written job description and are appraised by their manager quarterly or semi-annually using a formal process. The Group is committed to providing support to help realise the full potential of all its employees, whilst recognising that the ultimate responsibility for personal development must rest with the individual. There are executive and management development programmes for the leaders and future leaders of the business, training programmes for client facing staff and an induction programme for all staff. Employee engagement and communication is a high priority for a geographically diverse workforce. The entire company is invited to an all-hands video call on a weekly basis where they can interact with the management team. The management team uses the Proudfoot 1:5:30 principle to ensure they have meaningful engagement with their direct reports on a regular basis.

Financial risk management
The Group 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 Group's business and the assets and liabilities contained within the Group's balance sheet, the only financial risk the Directors consider relevant to the Group is credit risk. This risk is mitigated by the Group's credit control policies.

The Group has operating and financial policies and procedures designed to maximise value within a defined risk management framework. The key risks to which the Group is exposed are reviewed regularly by senior management and the Board.

The major risks the Group faces are related to the demand for consultancy services; maintaining and extending our client base; attracting and retaining talented employees; and not using our intellectual capital to full advantage.

These risks are managed by anticipating consultancy trends; identifying new sectors in which the Group might operate; maximising staff utilisation; having remuneration policies which reward performance and promote continued employment with the Group; and maintaining a comprehensive knowledge management system.

Potential contractual liabilities arising from client engagements are managed through careful control of contractual conditions and appropriate insurance arrangements. There is no material outstanding litigation against the Group, of which the Directors are aware, which is not covered by insurance, or provided for in the financial statements.

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

Mr N S Stagg
Ms P Hackett
Mr M Capello
Ms F Czerniawska
Mr E Di Spiezio Sardo

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 Group's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:

N S Stagg
Chairman

18 June 2021

St Paul's House
10 Warwick Lane
London
EC4M 7BP

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.. 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; 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 Management Consulting Group PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Management Consulting Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent 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.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

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 Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting
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.

In the light of the knowledge and understanding of the Group and the Parent 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.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to Management Consulting Group PLC. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (IFRS and the Companies Act 2006), regulations impacting labour regulations and taxation in the United Kingdom and overseas jurisdictions where subsidiaries trade (North America, Europe, Africa and Asia).

- We understood how the Group and company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through obtaining direct confirmations from the company's lawyers to corroborate the status of material legal claims. Our review of board minutes and legal expenses accounts were performed to ensure no other material legal matters were detected through our audit procedures.

- We assessed the impact of and discussed material ongoing and closed tax investigations with management. With the assistance of our taxation specialists, we corroborated managements judgements made in respect of the tax liabilities recorded and their compliance with tax legislation.

- We assessed the susceptibility of the Group and company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Group and company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals, testing compliance with government support schemes utilised during the period and key areas of estimation uncertainty or judgement. These include the bonus accruals recognised for management, estimates of the provision in place for claims for alleged negligence, key assumptions used in the calculation of the pension liability and estimations of accrued income relating to work performed in the year and estimation of the recoverable balance of investments.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Tim Neathercoat
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Tim Neathercoat (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom

Date: 18 June 2021

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

Group income statement
for the year ended 31 December 2020

	Note	**2020 £'000**	2019 £'000
Continuing operations			
Revenue	3	**14,228**	33,200
Cost of sales		**(8,600)**	(17,186)
Gross profit		**5,628**	16,014
Total administrative expenses	4	**(13,154)**	(20,851)
Administrative expenses – non-underlying other	4a	**(690)**	(847)
Administrative expenses – non-underlying credit	4a	**1,373**	632
Loss from operations – underlying*		**(8,209)**	(4,622)
Loss from operations	4	**(7,526)**	(4,837)
Investment revenues	6a	**22**	113
Finance costs	6b	**(779)**	(963)
Loss before tax	4	**(8,283)**	(5,687)
Tax	7	**71**	(375)
Loss for the year		**(8,212)**	(6,062)

*operating loss before non-underlying costs and credits, refer to definition on page 22.

Group statement of comprehensive income

for the year ended 31 December 2020

	Note	**2020 £'000**	2019 £'000
Loss for the year		**(8,212)**	(6,062)
Items that will not be reclassified subsequently to profit and loss			
Actuarial gains on defined benefit post-retirement obligations	15	**381**	973
Tax items taken directly to comprehensive income	14	**–**	(84)
		381	889
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		**(50)**	331
		(50)	331
Total comprehensive expense for the year attributable to owners of the Company		**(7,881)**	(4,842)

Group statement of changes in equity

for the year ended 31 December 2020

	Note	Share capital £'000	Share Premium £'000	Share compensation reserve £'000	Shares held by employee benefit trust £'000	Translation reserve £'000	Other reserve £'000	Accumulated deficit £'000	Total £'000
Balance as at 1 January 2019		**15,165**	**8,023**	**232**	**(103)**	**1,856**	**1,186**	**(25,812)**	**547**
Comprehensive expense for the period									
Loss for the period								(6,062)	(6,062)
Other comprehensive income						331		889	1,220
Total comprehensive expense for the period						331		(5,172)	(4,842)
Contributions by and distributions to owners									
Shares transferred to ESOP					(26)				(26)
Share awards lapsed				(9)				9	–
Total transactions with owners				(9)	(26)			9	(26)
Balance at 31 December 2019		**15,165**	**8,023**	**223**	**(129)**	**2,187**	**1,186**	**(30,976)**	**(4,321)**
Comprehensive expense for the period									
Loss for the period								(8,212)	(8,212)
Other comprehensive (expense)/income						(50)		381	331
Total comprehensive expense for the period						(50)		(7,831)	(7,881)
Contributions by and distributions to owners									
Shares transferred from ESOP				(197)	28			169	–
Total transactions with owners				(197)	28			169	–
Balance at 31 December 2020		**15,165**	**8,023**	**26**	**(101)**	**2,137**	**1,186**	**(38,638)**	**(12,202)**

Group balance sheet

as at 31 December 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Intangible assets and goodwill	8	**3**	15
Property, plant and equipment	9	**76**	116
Right-of-use assets	10	**841**	1,181
Total non-current assets		**920**	1,312
Current assets			
Trade and other receivables	12	**3,692**	5,466
Lease receivable	10	**–**	413
Current tax receivables	14	**435**	463
Cash and cash equivalents	19	**4,354**	11,667
Total current assets		**8,481**	18,009
Total assets		**9,401**	19,321
Current liabilities			
Trade and other payables	13	**(6,790)**	(7,066)
Lease liabilities	10	**(362)**	(750)
Current tax liabilities	14	**(1,100)**	(1,637)
Total current liabilities		**(8,252)**	(9,453)
Net current assets		**229**	8,556
Non-current liabilities			
Retirement benefit obligations	15	**(9,612)**	(9,691)
Deferred tax liabilities	14	**–**	(4)
Bank Borrowings		**(1,186)**	–
Lease liabilities	10	**(653)**	(965)
Long-term provisions	16	**(1,900)**	(3,529)
Total non-current liabilities		**(13,351)**	(14,189)
Total liabilities		**(21,603)**	(23,642)
Net liabilities		**(12,202)**	(4,321)
Equity			
Share capital	17	**15,165**	15,165
Share premium account		**8,023**	8,023
Share compensation reserve		**26**	223
Shares held by employee benefit trusts	18	**(101)**	(129)
Translation reserve	18	**2,137**	2,187
Other reserve	18	**1,186**	1,186
Accumulated deficit		**(38,638)**	(30,976)
Equity attributable to owners of the Company		**(12,202)**	(4,321)

The financial statements were approved by the Board of Directors and authorised for issue on 18 June 2021. They were signed on its behalf by:

Nick Stagg
Director

Group cash flow statement

for the year ended 31 December 2020

	Group	
	2020 **£'000**	2019 £'000
Operating loss from continuing operations	**(7,526)**	(4,837)
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	**377**	382
Amortisation of intangible assets	**13**	24
Loss on disposal of fixed assets	**–**	3
Decrease in provisions	**(1,629)**	(147)
Unrealised foreign exchange (gains)/ losses	**(325)**	285
Operating cash flows before movements in working capital	**(9,090)**	(4,290)
Decrease in receivables	**1,774**	420
Decrease in payables	**(277)**	(1,545)
Cash used by operations	**(7,593)**	(5,415)
Income taxes paid	**(449)**	(163)
Interest paid	**(9)**	(6)
Net cash outflow from operating activities	**(8,051)**	(5,584)
Investing activities		
Interest received	**10**	70
Rental income received	**410**	564
Purchases of property, plant and equipment	**(13)**	(74)
Movement in restricted cash	**2,309**	138
Net cash generated from investing activities	**2,716**	698
Financing activities		
Lease payments	**(776)**	(1,010)
Governmental Covid loan	**1,261**	–
Net cash generated from/(used in) financing activities	**485**	(1,010)
Net decrease in cash and cash equivalents	**(4,850)**	(5,896)
Cash and cash equivalents at beginning of year	**7,672**	12,970
Effect of foreign exchange rate changes on cash	**(307)**	598
Cash and cash equivalents at end of year	**2,515**	7,672

Included within the 31 December 2020 cash balance of £4.4m (2019: £11.7m) is £1.9m (2019: £4.0m) of cash which is not available for use by the Group. This represents cash held in restricted bank accounts which is required to be retained to support indemnity obligations to Wavestone, the acquirer of the French and related operations of Kurt Salmon and in support of the Kurt Salmon UK Pension scheme, which remained a Group obligation following the sale of the Kurt Salmon retail and consumer goods operations.

Company balance sheet

as at 31 December 2020

	Note	**2020 £'000**	2019 £'000 (restated)
Non-current assets			
Retirement benefit asset	15	**–**	96
Property, plant and equipment	9	**28**	44
Investments	11	**2,000**	2,000
Total non-current assets		**2,028**	2,140
Current assets			
Trade and other receivables	12	**5,171**	5,006
Current tax receivable		**–**	–
Cash and cash equivalents	19	**2,166**	4,918
Total current assets		**7,337**	9,924
Total assets		**9,365**	12,064
Current liabilities			
Trade and other payables	13	**(714)**	(1,025)
Total current liabilities		**(714)**	(1,025)
Net current assets		**6,623**	8,899
Non-current liabilities			
Retirement benefit obligations	15	**(15)**	–
Long-term provisions	16	**(911)**	(2,451)
Total non-current liabilities		**(926)**	(2,451)
Total liabilities		**(1,640)**	(3,476)
Net assets		**7,725**	8,588
Equity			
Share capital	17	**15,165**	15,165
Share premium account		**8,023**	8,023
Share compensation reserve		**26**	223
Shares held by employee benefit trusts		**(101)**	(129)
Translation reserve		–	–
Capital redemption reserve		**1,186**	1,186
Accumulated deficit		**(16,574)**	(15,880)
Equity attributable to owners of the Company		**7,725**	8,588

In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own income statement. The movement in the Group income statement for the financial year includes a loss of £0.7 m (2019: £3.6m) dealt with in the financial statements of the Company.

The financial statements were approved by the Board of Directors and authorised for issue on 18 June 2021. They were signed on its behalf by:

Nick Stagg **Company number**
Director ***1000608***

Company statement of changes in equity

for the year ended 31 December 2020

	Note	Share capital £'000	Share premium £'000	Share compensation reserve £'000	Shares held by ESOP £'000	Capital redemption reserve £'000	Accumulated deficit £'000	Total £'000
Balance at 1 January 2019		**15,165**	**8,023**	**232**	**(103)**	**1,186**	**(12,265)**	**12,238**
Comprehensive expense for the period								
Loss for the period							(3,618)	(3,618)
Other comprehensive expense							(6)	(6)
Total comprehensive expense for the period							(3,624)	(3,624)
Contributions by and distributions to owners								
Shares transferred to ESOP					(26)			(26)
Share awards lapsed				(9)			9	-
Total transactions with owners		**-**	**-**	**(9)**	**(26)**	**-**	**9**	**(26)**
Balance as at 31 December 2019		**15,165**	**8,023**	**223**	**(129)**	**1,186**	**(15,880)**	**8,588**
Comprehensive expense for the period								
Loss for the period							(729)	(733)
Other comprehensive expense							(134)	(134)
Total comprehensive expense for the period							**(863)**	**(863)**
Contributions by and distributions to owners								
Shares transferred from ESOP				(197)	28		169	**-**
Total transactions with owners				**(197)**	**28**		**169**	
Balance at 31 December 2020		**15,165**	**8,023**	**26**	**(101)**	**1,186**	**(16,574)**	**7,725**

Company cash flow statement

for the year ended 31 December 2020

	Company	
	2020 **£'000**	2019 £'000
Operating loss from continuing operations	**(729)**	(3,619)
Adjustments for:		
Depreciation of property, plant and equipment	**17**	17
Decrease in provisions	**(1,540)**	(614)
Non-cash Intercompany debt forgiveness	**166**	243
Revaluation of restricted cash	**(152)**	160
Unrealised foreign exchange loss	**25**	368
	(2,213)	(3,445)
Decrease in receivables	**22**	17
Decrease in payables	**(133)**	(448)
Cash used by operations	**(2,324)**	(3,876)
Income taxes paid	**–**	–
Interest paid	**–**	–
Net cash outflow from operating activities	**(2,324)**	(3,876)
Investing activities		
Interest received	**6**	13
Movement in restricted cash	**2,309**	137
Cash advances to subsidiaries	**(530)**	(4,314)
Net cash generated from /(used in) investing activities	**1,785**	(4,164)
Financing activities		
Proceeds from issued shares	–	–
Transaction costs associated with issue of new shares	–	–
Net cash generated from financing activities	–	–
Net decrease in cash and cash equivalents	**(539)**	(8,040)
Cash and cash equivalents at beginning of year	**923**	8,809
Effect of foreign exchange rate changes	**(57)**	154
Cash and cash equivalents at end of year	**327**	923

Included within the 31 December 2020 cash balance of £2.2m (2019: £4.9) is £1.9m (2019: £4.0m) of cash which is not available for use by the Group. This represents cash held in restricted bank accounts which is required to be retained to support indemnity obligations to Wavestone, the acquirer of the French and related operations of Kurt Salmon and in support of the Kurt Salmon UK Pension scheme, which remained a Group obligation following the sale of the Kurt Salmon retail and consumer goods operations.

Notes to the financial statements

for the year ended 31 December 2020

1. General information

Management Consulting Group PLC (the "Company") is a public company and the Group's ultimate parent company and is incorporated and domiciled in England under the Companies Act 2006. The address of the registered office is given on the inside back cover. The nature of the Group's operations and its principal activities are set out in note 3 and in the Strategic Report.

2. Significant accounting policies

The following accounting policies have been applied consistently in the current and preceding year in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of Management Consulting Group PLC and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have also been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the Company has elected not to present its own income statement. Its separate financial statements have been prepared in accordance with IFRS.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. The principal accounting policies adopted in the preparation of the parent company's financial statements are the same as those adopted in the consolidated financial statements except that the parent company's investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The Group prepares regular business forecasts which are reviewed by the Board. Forecasts are adjusted for sensitivities, which address the principal risks to which the Group is exposed, and consideration is given to actions open to management to mitigate the impact of these sensitivities.

In assessing sensitivities, the Board took into account the previous slower than expected pace of change at Proudfoot and the disappointing results in past periods. The Board has, in particular, considered risks related to revenue and looked at assumptions both consistent with the recent past and the long-term changes in revenue. In addition, we have considered the risks related to the balance of the Kurt Salmon escrow funds (now being a reduced amount of £0.5m as of the date of this report (2019: £2.7m)) and have made assumptions on a worst case that these are not resolved during the period of review.

The global COVID-19 pandemic has resulted in a very significant reduction in turnover. This is due to the fact that consultants engaged on projects need to travel to client premises, this travel is of an international nature and the majority of countries are not allowing anything other than essential travel. Therefore, we are broadly unable to travel to clients to service their needs. Hence COVID-19 has introduced a significant, but temporary, business interruption. We have adjusted our business delivery model to remote working where possible and have worked with our clients to continue to provide services to them. A number of countries, where we operate, are now able to continue to allow businesses in most sectors to continue to trade and that has allowed us to slowly return to work. Travel is still restricted, and we have utilised local staff and contractors to deliver our services. With the advent of significant vaccination programmes, we envisage moving back to more normal operating conditions by September 2021.

In light of the global pandemic, the Board continues to review on a regular basis its ability to operate as a going concern. The 24-week cash flow model continues to be regularly reviewed by the Board to manage the business. This forecast is based on current known revenue, as adjusted for the impact of COVID-19, and all forecast expenditure falling due within this period on a week-by-week basis.

We have made a key assumption in our base Working Capital Model that the business interruption caused by the pandemic will ease over the summer with a slow ramp up to a normal resumption of work from September onwards. We have implemented a number of key mitigations in order to preserve liquidity. These include a temporary salary reduction of all employees by 25%, and the implementation of tax (VAT, PAYE and equivalent taxes) deferments, furlough of employees, and other government initiatives that have been introduced in the various geographies where we are based. The temporary salary reduction is assumed to continue until 30 June 2021, thereafter the reduction will be reduced over the next six months to the 31 December 2021 when salary levels will be fully reinstated. We have also assumed the postponement of pension contributions for 2021, due in the USA, amounting to £1.5m with the payment being deferred into 2022 and beyond. The Company has made an application to the Pension Board in the USA in respect of this deferral. The Model includes the second tranche of the pay-check protection programme loan scheme as announced by the US Government, received in March 2021.

In February, the Company raised £4.5m of new equity from existing shareholders. This equity was in the form of new preference shares. This has provided the additional liquidity the Group needs for working capital as the business returns to a more normal level of activity. Performance to May has exceeded the initial February forecasts on which the going concern assessment has been performed.

The Group continues to manage the liabilities related to the disposals made in 2015 and 2016 and, in particular, to negotiate the release of funds held under the escrow arrangements which guarantee certain contingent liabilities relating to the disposal of parts of the Kurt Salmon business in 2016.

The Directors have prepared a second Realistic Worse Case (RWC) Working Capital Model with revenues reduced by 25% in 2021, and these reduced revenues continuing to the end of 2024. Certain mitigating actions have been used to adjust this forecast; we have maintained the 25% pay reduction and bonus payment freeze until the end of 2024. Combined with the reductions in base operating costs over the past two years, this shows that the business can maintain liquidity beyond the end of 2023 under such tough trading conditions.

Notwithstanding the impact of COVID-19 identified above and even if the RWC scenario occurs and the deferral of certain costs is not obtained and the Directors assumptions on legal case outcomes and PPP loan eligibility are inaccurate, the Directors have a reasonable expectation that the Group will have sufficient cash flow through the going concern review period given the forecast average liquidity reserves of £5m for the next twelve months even in the RWC scenario, and available resources to continue operating 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 the Group and the Company its Financial Statements.

Adoption of new and revised standards

The following revisions to standards effective for periods commencing on 1 January 2020 and therefore applicable to the Group's financial statements for the current year are listed below.

Amendments to IFRS 3 Business Combinations: definition of a business

Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies changes in accounting estimates and errors' : Definition of material

Amendments to IFRS 9, IAS 39 and IFRS 17: Interest rate benchmark reform

Amendments to References to the Conceptual Framework in IFRS Standards

Amendment to IFRS 16 Leases Covid-19 Related rent Concessions.

All revised standards have no material impact on the financial statements of the Group in this period or in future periods.

At the date of authorisation of these financial statements, the Group has not applied new and revised IFRS standards that have been issued but not yet effective:

Amendments to IFRS 3 'Business Combinations': Reference to the Conceptual Framework - effective for periods beginning on or after 1 January 2022;

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Onerous contracts - effective for periods beginning on or after 1 January 2022;

2018-2020 annual improvements cycle: Amendments to four International Reporting Standards (IFRSs) as a result of the IASB's annual improvements project - effective for periods beginning on or after 1 January 2022;

Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before intended use - effective for periods beginning on or after 1 January 2022;

Amendments to IAS 1 'Presentation of financial statements': Amendments on classification - effective for periods beginning on or after 1 January 2023.

Amendments to IAS 8 - Definition of Accounting Estimates – effective for periods beginning on or after 1 January 2023

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies

Critical accounting judgements and key sources of estimation uncertainty

The discussion and analysis of the Group's financial position and results are based on the consolidated financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires the development of estimates and judgements that affect the reported amount of assets and liabilities, revenues and costs and related disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting judgements

Critical accounting policies are defined as those that are reflective of significant judgements and uncertainties and potentially result in materially different results under different assumptions and conditions. The Board considers that the Group's critical accounting policies are limited to those described below. The Group's management has discussed the development of the judgements and disclosures related to each of these matters with the Audit and Risk Committee.

Non-underlying items and alternative performance measures

The Group applies judgement in identifying the significant non-underlying items of income and expense that are recognised as non-underlying to help provide an indication of the Groups adjusted business performance. The Group exercises judgement in assessing whether items should be classified as non-underlying. This assessment covers the nature of the item and the material impact of that item on reported performance.

Alternative performance measures

The Group has adopted a number of alternative performance measures to provide additional information to understand underlying trends and the performance of the Group. These alternative performance measures are not defined by IFRS and therefore may not be directly comparable to other companies' alternative performance measures. The definition of alternative performance measures are described below:

Adjusted profit/loss from operations

The Group's operating results are split between adjusted and non-underlying to better understand the performance of the group without distortion by items of income and expense that are non-underlying in nature. The definition of non-underlying is referred to below. Adjusted profit/loss is used by management internally to evaluate performance and to establish and measure strategic goals. Adjusted profit/loss is arrived at by removing non-underlying items from operating profit/loss as seen on the face of the income statement reconciled to gross and operating profit. Adjusted loss per share is reconciled to loss per share by removing non-underlying items from operating profit/loss.

Non-underlying

Non-underlying items are those significant charges or credits which, in the opinion of the directors, should be disclosed separately by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions that may give rise to non-underlying items include charges for impairment, restructuring costs, employee severance, acquisition costs and profits/losses on disposals of subsidiaries. The Group exercises judgement in assessing whether items should be classified as non-underlying. This assessment covers the nature of the item and the material impact of that item on reported performance. Reversals of previous items are assessed based on the same criteria. Items charged to non-underlying are one-off in nature and typically comprise restructuring, impairments, disposals and acquisitions. None of these items form part of the ongoing operational costs of the business.

Key sources of estimation uncertainty

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

Going concern and impact of COVID-19

As noted under the going concern note on page 20 of the financial statements, there are several areas of uncertainty in relation to assumptions made in regards to the impact of COVID-19 on the cash flow projection until the end of June 2022. These are the assumptions; that revenue will pick up from September 2021, that contributions to the US closed defined pension scheme will be deferred, that the second tranche of PPP loan will be waived , and the uncertainty of any prolonged impact of COVID-19. Additionally, the forecasts for the next twelve months and beyond are partly based on percentage probabilities that projects will be successfully won and that the release of funds from escrow are based on best estimations based on current legal position.

Revenue

Where there is variable consideration in the form of Pay for Results ("PFR") revenue streams, the amount of revenue recognised is based on estimations of when results are achieved based on agreements between the client and engagement team. There is judgement involved to ensure revenue is only recognised when it is certain results and benefits will be achieved.

Income taxes

The Group has operations in around twenty countries that are subject to direct and indirect taxes. The tax position is often not agreed with tax authorities until sometime after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimates and judgement to reflect a variety of factors; these include the status of any ongoing tax audits, historical experience, interpretations of tax law and the likelihood of settlement. The changing regulatory environment affecting all multinationals increases the estimation uncertainty associated with calculating the Group's tax position. This is as a result of amendments to tax law at the national level, increased co-operation between tax authorities and greater cross border transparency. The Group estimates and recognises liabilities of whether additional taxes will be due based on management's interpretation of country specific tax law, external advice and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results in the year in which such determination is made. In addition, calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates and judgements to be made on the extent to which future taxable profits are available against which these temporary differences can be utilised.

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Recognition involves estimates regarding the forecasting of taxable profits of the business. Refer to note 7.

Employee benefits

Accounting for pensions and other post-retirement benefits involves estimates about uncertain events, including, but not limited to, discount rates and life expectancy. Determination of the projected benefit obligations for the Group's defined benefit pension scheme and post-retirement plans are important to the recorded amount of the benefit expense in the income statement and the net liability recorded in the balance sheet. Actuarial valuations are conducted annually. These determine the expense recorded in the income statement, the net liability recognised in the balance sheet, and items to be recorded in the consolidated statement of recognised income and expense. Details of the assumptions used are included in note 15 to the financial statements.

Provisions

Provisions are estimates and are recognised when it is probable that an outflow of resources will be required to settle an obligation. Legal opinions from legal teams engaged on behalf of the Group on current litigation cases are provided which assist in assessing a reasonable provision. The Trustees of the Kurt Salmon retirement benefit obligation provide monthly updates on the ongoing costs to service the pension obligation and also costs associated to move the scheme towards closure. These costs depend on factors such as number of scheme members, and ongoing values of individual pension accounts. Other provisions in respect of restructuring of Group entities rely on estimates of costs to complete liquidations from reputable professional service providers however timescales to completion cannot always be reliably determined. An ongoing pension obligation which falls outside the scope of IAS19, to a former employee has been estimated using mortality tables to estimate future expenditure.

Financial Assets

IFRS 9 requires the Group to recognise expected credit losses (ECL) at all times, and to update the amount of ECL recognised at each reporting date to reflect changes in the credit risk of financial assets. Refer to note 12 on page 33 .

Leases

IFRS 16 requires the determination of an incremental borrowing rate (IBR) to measure lease liabilities. The Group has no external borrowings from which to base a calculation, therefore the IBR is sourced from external borrowing assumptions relative to the Group's historical financial performance and remaining lease terms, from which management then estimate an appropriate IBR for each class of leases by geography.

(b) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries") made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. This generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The results of subsidiaries acquired or disposed of during the period are included in the Group income statement from or to the effective date of acquisition or disposal, respectively. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group. In the income statement the results of subsidiaries acquired during the period are classified as part of continuing operations from the date control is achieved. The results of subsidiaries that are disposed of during the period are classified within discontinued operations in the income statement.

Intra-group transactions and balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

(c) Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale which are recognised and measured at fair value less costs to sell. Acquisition-related costs are recognised in profit or loss as incurred. Where applicable the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS. The measurement period is the period from acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year.

(d) Revenue

The Group follows the principles of IFRS 15 in determining appropriate revenue recognition policies. Revenue represents amounts chargeable for services provided to third parties in the normal course of business. Revenue from services is recognised following the principles outlined in IFRS 15's five step model as detailed below.

- Identifying the contract

Upon acceptance of a proposal, a contract is entered into, to include details on the scope of work and each party's rights and obligations regarding the transfer of the service as well as payment terms for the service being transferred.

- Identifying the performance obligations in the contract

Key deliverables are stated in the contract and monitored on an ongoing basis against the agreed delivery timetable. The contract states our obligations to the client. In assessing performance obligations, consideration is given as to whether each identified key deliverable is a separate performance obligation, or a series of services that are substantially the same and have the same pattern of transfer to the customer so as to form one overall performance obligation. Where contracts have multiple workstreams to be delivered, those workstreams may work in conjunction with one another and therefore the client may be unable to benefit from each delivered workstream individually. In some circumstances, where the key deliverables achieve financial benefits in excess of those identified at the outset of the project, there may be scope to receive variable consideration, if such a mechanism was included in the contract. This typically means that variable consideration is not recognised until such time as the outcome of the financial benefits are quantified.

- Determining the transaction price

Each contract has a section describing fees and will state the invoicing profile (i.e. the value and frequency) of the invoices to be raised. The transaction price is developed during the proposal process through establishing the scope of the work and the staffing levels required to deliver that work. Upon acceptance the total fee value is stated in the contract and is also broken down into an invoicing schedule. It is not typical for contracts to include any variable consideration, however in the rare instances where there is variable consideration we consider revenue recognition based on the most likely amount we will receive. Invoicing is generally weekly and is in general designed to reflect the progress made on projects.

- Allocating the transaction price to separate performance obligations

Contracts typically include only one performance obligation and therefore the process of allocating the contract price is straightforward. In instances where more than one performance obligation is identified in the contract these contracts typically include separately agreed fees for each performance obligation. Allocation of the transaction price is therefore straightforward.

- Recognising revenue as performance obligations are satisfied

Revenue is recognised over time as the work is performed. Performance of the service does not create an asset with an alternative use, and we have enforceable right to payment for work performed to date. Throughout the delivery of a project the benefits to the client are delivered incrementally. This approach is considered to be a faithful depiction of the transfer of services because staff time is the primary element in our contracts.

Revenue is recognised on a weekly basis in accordance with time invested on the project i.e. based on hours recorded at charge out rates out of a total contracted hours.

Given that the Group always expects revenue contracts to last less than twelve months, the practical expedient not to disclose information about transaction price allocated to remaining performance obligations has been applied. The Group has also applied the practical expedient not to disclose the incremental costs of obtaining a contract.

(e) Goodwill

Goodwill arising in a business combination represents the excess of the cost of acquisition over the Group's interest in the net fair value of the recognised identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement. Goodwill is not amortised but is tested annually for impairment or more frequently when there is indication of impairment and is carried at cost less accumulated impairment loss. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before 1 January 2004, the date of transition to IFRS, has been retained at the previous UK GAAP amount subject to being tested for impairment at that date. Goodwill written off to equity prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

(f) Intangible assets

Acquired intangible assets (e.g. customer relationships, trademarks and licences) are capitalised and amortised on a straight-line basis over their useful economic lives. Purchased computer software licences are capitalised as intangible assets on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives, which do not exceed three years. Costs associated with developing software are capitalised as intangible assets when they are separable or arise from contractual or other legal rights. Costs associated with maintaining computer software programs are recognised as an expense as incurred. All other intangible assets are amortised from three years to a maximum of ten years depending on useful economic life.

(g) Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and any recognised provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition and intended use.

(h) Leasehold improvements

Leasehold improvements are held at cost less accumulated depreciation and any recognised provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition and intended use.

(i) Depreciation

Depreciation is calculated to write down the cost of the asset to their residual values, on a straight-line basis, using the following rates:

Property plant and equipment – three to five years

Leasehold improvements – three to ten years

(j) Impairment of tangible and intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped by cash-generating units, and Proudfoot is the Group's sole cash-generating unit.

(k) Dividend distribution

Dividends to holders of common shares are recognised as a liability in the Group and parent company's financial statements in the period in which the shareholders' right to receive payment has been established. For interim dividends the shareholders' right to receive payment is the same as the date of payment. For final dividends the shareholders have a right to receive payment once the proposed dividend has been approved at the AGM.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, which are held for short-term cash investment purposes. Restricted cash is recognised as cash on the balance sheet. For the purposes of the cashflow statement, restricted cash is not reflected in cash balances. Releases from restricted cash are then disclosed as movements in restricted cash under investing activities in the cashflow statement.

(m) Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets are initially measured at transaction price and, where applicable, are subsequently measured at amortised cost. Financial assets are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial assets, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Expected credit losses on trade receivables are based on the Group's historic credit losses experienced over a three year period prior to the period end. The historical loss rates are then adjusted for current and forward -looking information.

Company only

Expected credit losses on intercompany receivables undergo an impairment review annually and a loss allowance 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.

(n) Financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(o) Taxation

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Deferred tax is calculated at the tax rates which are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle that obligation and the amount can be reliably estimated. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. Provisions are categorised as litigation provisions or other provisions.

(q) Own shares

The Company shares held by the employee benefit trusts established in respect of certain share-based awards are presented as a reduction of equity.

(r) Investments

The investments in the parent company balance sheet represent equity holdings in subsidiary companies. These are carried at cost less impaired amounts and are reviewed annually for impairment.

(s) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount.

(t) Dividend income

Dividend income is recognised when the right to receive payment is established.

(u) Finance leases (lessor)

At the commencement of a finance lease, the lessor transfers the risks and rewards of ownership of the asset to the lessee. The amount due under the terms of the finance lease is recognised as a receivable. The principal amount is recorded as a net investment in the lease. During the term of the lease the rental payments received by the lessor is made up of repayments of principal and interest income on the principal outstanding. The repayment of principal reduces the amount due from the lessee in respect of the lease and interest income is recognised in the income statement.

(v) Retirement benefit costs

For defined contribution pension schemes, the amount charged to the income statement represents the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For defined benefit schemes, the amounts charged to the income statement are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the income statement if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost is calculated by applying a discount rate to the net defined liability or asset.

Actuarial gains and losses are recognised immediately in the Group statement of comprehensive income. The US defined benefit pension scheme is funded, with the assets of the scheme held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value. Liabilities in relation to the defined benefit schemes are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at each balance sheet date. The resulting defined benefit asset or liability is presented on the face of the balance sheet.

(w) Share-based payments

Share awards are made to selected employees on a discretionary basis. Awards are measured at their fair value and are recognised as an expense on a straight-line basis over the vesting period. Where awards do not vest, a transfer is made from the share compensation reserve to retained earnings.

(x) Foreign currencies

The average monthly exchange rates used to translate the 2020 results were £1=$1.28 (2019: £1=$1.28) and £1=€1.11 (2019: 1=€1.14). The year-end exchange rates used to translate the 2020 balance sheet were £1=$1.36 (2019: £1=$1.32) and £1=€1.11 (2019: 1=€1.18).

The individual financial statements of each Group entity are drawn up in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Sterling, which is the Company's functional and presentation currency. In preparing the financial statements, transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign company are not retranslated.

Exchange differences arising on the settlement and retranslation of monetary items are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Sterling using exchange rates prevailing at the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rate for the period unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

When the Group disposes of a subsidiary, the cumulative historic foreign exchange gains and losses arising on consolidation are recycled through the statement of comprehensive income.

(y) Transactions with subsidiary undertakings

Where costs have been incurred by the Company which benefit subsidiary undertakings, income is recognised by the Company in respect of the expense recharged to the subsidiary. Expenses are recognised by the Company, when the subsidiary undertaking has incurred cost that will benefit the Company.

(z) Government grants

Where government grants have been utilised, income is recognised over the period necessary to match them with the related costs for which they are intended to compensate. For government backed loans with loan forgiveness eligibility, these are recognised as a liability on the balance sheet until the point at which the loan is forgiven when the loan will be recorded as income in the income statement.

3. Revenue from Contracts with customers

	2020 **£'000**	2019 £'000
Consulting Services	**14,228**	33,200

All revenues are derived from the provision of professional services.

4. Loss before tax

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

	Note	**2020 £'000**	2019 £'000
Net foreign exchange losses		**(318)**	148
Amortisation of intangible assets		**13**	24
Depreciation of property, plant and equipment		**52**	60
Depreciation of right-of-use assets		**325**	321
Loss on disposal of fixed assets		**–**	60
Non-underlying expense – other	4a	**690**	847
Non-underlying income	4a	**(1,373)**	(632)
Staff costs	5	**15,127**	21,686
Furlough income		**(461)**	-
Auditor's remuneration		**300**	283

Furlough income relates to the Job Retention Scheme in the United Kingdom, furlough in France (activitié partielle), Jobs Support Scheme in Singapore and the Canadian Employee Wage Subsidy programme in Canada.

A detailed analysis of the auditor's remuneration on a worldwide basis is provided below:

Auditor's remuneration	**2020 £'000**	2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**253**	198
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	**47**	44
Total audit fees	**300**	242
Taxation compliance services	**–**	–
Audit related assurance services	**–**	26
Taxation advisory services	**–**	15
Total non-audit fees	**–**	41
Total auditor's remuneration	**300**	283

4a. Non underlying items

Expenses	**2020 £'000**	2019 £'000
Restructuring	**441**	276
Employee provision	**–**	184
Costs relating to delisting	**106**	–
Additional costs relating to prior year disposals	**143**	387
	690	847

Income	**2020 £'000**	2019 £'000
Restructuring	**–**	(392)
Defined medical benefit scheme closure	**–**	–
Release of provisions	**(1,373)**	(240)
	(1,373)	(632)

Items charged to non-underlying are one off in nature and typically comprise restructuring, impairments, disposals and acquisitions. None of these items form part of the ongoing operational costs of the Proudfoot business.

- £0.4m of restructuring costs of which £0.3m relates to employee severance and associated advisory payments and £0.1m in relation to entity restructuring.
- £0.1m in relation to costs incurred during the delisting of MCG PLC from the London Stock Exchange.
- £1.3m credit relating to items relating to prior year disposals. This comprises of a £1.4m release of provisions held against cash held in escrow in relation to the disposed Kurt Salmon business, offset by £0.3m of expenses relating prior years disposals.

The £0.2m of non-underlying expenses in 2019 comprise of £0.1m of restructuring costs, £0.2m of costs relating to pension payments to a former employee and £0.1m of additional costs relating to prior year disposals.

5. Staff numbers and costs

The average number of persons employed by the Group (including executive directors) during the year, analysed by category, was as follows:

	2020 Number	2019 Number
Sales and marketing	**42**	35
Consultants	**54**	90
Support staff	**30**	34
Total	**126**	159

The number of Group employees at the year-end was 115 (2019: 154).

The aggregate payroll costs were as follows:

	2020 £'000	2019 £'000 restated
Wages and salaries	**13,236**	19,500
Social security costs	**1,039**	1,506
Other including pension costs	**391**	680
	14,666	21,686

The average number of Company employees for the year was 7 (2019: 8). The payroll costs of the Company were £822,000 (2019: £868,000) for wages and salaries, £104,000 (2019: £118,000) for social security costs and £22,000 (2019: £66,000) for pension costs.

6a. Investment revenues

	Note	**2020 £'000**	2019 £'000
Interest receivable on bank deposits and similar income		**10**	66
Finance income on retirement benefit plans	15	**–**	4
Finance income on rent receivable		**12**	43
		22	113

6b. Finance costs

	Note	**2020 £'000**	2019 £'000
Interest payable on bank overdrafts and loans and similar charges		**(9)**	(11)
Finance costs on lease liabilities		**(80)**	(126)
Finance costs on retirement benefit plans	15	**(690)**	(826)
		(779)	(963)

7. Tax

	2020		2019	
Recognised in the income statement: Income tax expense on continuing operations	**Before non-underlying items £'000**	**Total £'000**	Before non-underlying items £'000	Total £'000
Current tax				
Current year	**135**	**101**	575	575
Adjustment in respect of prior years	**(202)**	**(168)**	(200)	(200)
Current tax expense	**(67)**	**(67)**	375	375
Deferred tax				
Current year	**(4)**	**(4)**	–	–
Deferred tax (credit)/expense	**(4)**	**(4)**	–	–
Total income tax				
Income tax (credit)/expense	**(71)**	**(71)**	375	375

The income tax expense for the year is based on the effective United Kingdom statutory rate of corporation tax for the period of 19% (2019: 19%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the pre-tax loss from continuing operations per the income statement as follows:

	2020			2019		
	Before non-underlying items £'000	**Non-underlying items £'000**	**Total £'000**	**Before non-underlying items £'000**	**Non-underlying items £'000**	**Total £'000**
Loss before tax from continuing operations	(8,966)	683	(8,283)	(5,472)	(215)	(5,687)
Notional income tax credit at the effective UK tax rate of 19% (2019: 19.0%)	**(1,703)**	**130**	**(1,573)**	(1,039)	(41)	(1,086)
Unrelieved current year tax losses	**2,540**	**77**	**2,617**	2,040	36	2,076
Irrecoverable withholding tax	**41**	**–**	**41**	30	–	30
Effects of different tax rates of subsidiaries operating in other jurisdictions	**17**	**–**	**17**	(224)	–	(224)
Profits offset by losses not previously recognised	**(448)**	**–**	**(448)**	(526)	–	(526)
Other temporary differences not previously recognised	**(372)**	**–**	**(372)**	137	–	137
Permanent differences	**56**	**(207)**	**(151)**	157	5	162
Relating to prior years	**(202)**	**–**	**(202)**	(200)	–	(200)
Income tax expense on continuing operations	**(71)**	**–**	**(71)**	375	–	375
Effective tax rate for the year	**1%**		**1%**	(7%)		(7%)

Permanent differences reflect tax adjustments for intercompany transactions where taxable income in one territory is not mirrored by a taxable deduction in the other territory, and other non-tax deductible items such as client entertaining, fines and penalties, and costs of a capital nature.

	2020 £'000	**2019 £'000**
Tax credited to other comprehensive income		
Deferred tax credits on actuarial and other movements on post-employment benefits	**–**	84
Tax charged on items recognised in other comprehensive income	**–**	84

In the 2021 budget it was announced that the UK corporation tax rate is due to increase to 25% from 1 April 2023, however, this was not substantively enacted by the balance sheet date and therefore does not affect the rate used in the deferred tax recognition in these accounts.

8. Intangible assets and goodwill

Group	Software costs £'000
Cost	
At 1 January 2020	**2,694**
Exchange differences	**(62)**
At 31 December 2020	**2,632**
Amortisation and impairment	
At 1 January 2020	**2,679**
Charge for the year	**13**
Exchange differences	**(63)**
At 31 December 2020	**2,629**
Carrying amount	
At 31 December 2020	**3**
At 31 December 2019	15

Group	Software costs (£'000)
Cost	
At 1 January 2019	2,763
Exchange differences	(69)
At 31 December 2019	2,694
Amortisation and impairment	
At 1 January 2019	2,723
Charge for the year	24
Exchange differences	(68)
At 31 December 2019	2,679
Carrying amount	
At 31 December 2019	15
At 31 December 2018	40

All intangibles in the Company are fully amortised.

9. Property, plant and equipment

Fixtures, fittings and equipment	Group £'000	Company £'000
Cost		
At 1 January 2020	646	108
Additions	13	1
Disposals	(31)	–
Exchange differences	(12)	–
At 31 December 2020	**616**	**109**
Accumulated depreciation		
At 1 January 2020	530	64
Charge for the year	52	17
Disposals	(31)	–
Exchange differences	(11)	–
At 31 December 2020	**540**	**81**
Carrying amount		
At 31 December 2020	**76**	**28**
At 31 December 2019	116	44

The assets' residual values and useful lives are reviewed for impairment and adjusted if appropriate.

Fixtures, fittings and equipment	Group £'000	Company £'000
Cost		
At 1 January 2019	1,494	107
Additions	74	1
Disposals	(903)	–
Exchange differences	(19)	–
At 31 December 2019	**646**	**108**
Accumulated depreciation		
At 1 January 2019	1,386	48
Charge for the year	60	16
Disposals	(900)	–
Exchange differences	(16)	–
At 31 December 2019	**530**	**64**
Carrying amount		
At 31 December 2019	**116**	**44**
At 31 December 2018	108	59

10. Leases

The Group leases office space in the two major jurisdictions from which back-office support operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or to be reset periodically to market rental rates.

The Group leases certain items of plant and equipment. Leases of plant and equipment comprise only fixed payments over the lease terms.

Right-of-Use Assets	Land and buildings £'000	Plant and machinery £'000	Total £'000
At 1 January 2020	1,164	17	1,181
Amortisation	(314)	(11)	(325)
Foreign exchange movements	(15)	–	(15)
At 31 December 2020	**835**	**6**	**841**

Lease liabilities	Land and buildings £'000	Plant and machinery £'000	Total £'000
At 1 January 2020	(1,698)	(17)	(1,715)
Interest expense	(79)	(1)	(80)
Lease payments	763	12	775
Foreign exchange movements	5	–	5
At 31 December 2020	**(1,009)**	**(6)**	**(1,015)**

Included in the lease liability table above are the lease payments in relation to the San Francisco office. This office was sub-let until 30 September 2020 when the lease on the office space expired. There is no liability in relation to this office in the 31 December lease liability balance.

Finance lease arrangements
The Group leases its San Francisco office space. All of the risk and rewards of ownership of this asset is substantially transferred to the lessee, therefore this asset is classified as a finance lease. The lease expired on 30 September 2020.

Finance income on the net investment on the lease charged to the income statement in the period was £12,000 (2019: £43,000).

11. Investments

Company	Shares £'000	Total £'000
Investment in Group companies		
At 1 January 2020	2,000	2,000
Impairment	–	–
Decrease in shareholding	–	–
At 31 December 2020	**2,000**	**2,000**
At 31 December 2019	**2,000**	**2,000**

The principal subsidiaries of MCG PLC, all of which have been included in the consolidated financial statements are as follows:

Name	Country of incorporation and principal place of	Proportion of ownership interest at 2020	2019
Alexander Proudfoot (Europe) Ltd, St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	100%	100%
Proudfoot Trustees Ltd, St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	100%	100%
MCG Company No 1 Limited, St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	87%	87%
Management Consulting Group Overseas Ltd, St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	86%	86%
Alexander Proudfoot GmbH, LandstraBer HauptstraBe 71/2 1030 Wien,	Austria	54%	54%
MCG Overseas Holdings BV, Van der Valk Boumanlaan 13 l, 3446 GE Woerden,	The Netherlands	19%	19%

Impairments are the result of annual impairment reviews of the PLC Company investments to reflect the net asset values of the underlying investments.

The Group holds no external investments.

12. Trade and other receivables

	Group		Company	
Amounts due <1 year	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Trade receivables – gross	**1,921**	2,785	**–**	**–**
Allowance for expected credit losses	**(88)**	(13)	**–**	**–**
Trade receivables – net	**1,833**	2,772	**–**	**–**
Amounts owed by Group undertakings	**–**	–	**4,953**	4,766
Other receivables	**1,354**	1,777	**50**	87
Contract assets	**43**	331	**–**	–
Prepayments	**462**	586	**168**	153
	3,692	5,466	**5,171**	5,006

Debtor days at the year-end were 61 (2019: 36 days). No interest was charged on receivables. The directors consider that the carrying value of trade and other receivables approximates to their fair value (see note 20).

In respect of the Company, under IFRS 9, expected credit losses of £0.2m were recognised in respect of intercompany receivables (2019: £0.4m).

Reconciliation of contract assets and liabilities

	2020 £'000	**2019 £'000**
Opening contract assets	**331**	409
Opening contract liabilities	**(276)**	(203)
Net	**55**	206
Revenue recognised	**14,228**	33,200
Billings in year- over time	**(14,261)**	(33,351)
Subtotal	**22**	55
Closing contract assets	**43**	331
Closing contract liabilities	**(76)**	(276)
Net	**(33)**	55

Movements in expected credit losses for trade receivables are as follows:

	2020 £'000	**2019 £'000**
Opening provision for impairment of trade receivables	**(13)**	(61)
Increase during the year	**(75)**	(10)
Receivable written off during the year as uncollectible	**–**	–
Unused amounts reversed	**–**	58
At 31 December 2020	**(88)**	(13)

The Group's exposure to credit risk has historically been low. The expected credit loss for trade receivables has been calculated at less than 1% of total Group revenue in 2020 and 2019. This is based on Group's historic credit losses experienced over a three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information.

Company only

Movements in expected credit losses from related parties and loans to related parties for the year ended 31 December 2020 are as follows:

	Receivables from related parties £'000
Opening provision for impairment	(31,864)
Increase during the year	(198)
Release during the year	150
Revaluation movement	32
At 31 December 2020	(31,880)

For the Company, receivables from its subsidiaries are not settled on a regular basis therefore the impairment allowance is recalculated at period end to establish an impairment allowance. Expected credit losses are recognised where it is unlikely that a subsidiary will be unable 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.

13. Trade and other payables

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Trade payables	**1,018**	920	**143**	107
Amounts owed to Group undertakings	–	–	**160**	337
Other taxes and social security	**706**	1,132	**34**	53
Other payables	**526**	511	**136**	136
Contract liabilities	**76**	276	–	–
Accruals	**4,464**	4,227	**241**	392
	6,790	7,066	**714**	1,025

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 36 days (2019: 37 days). The directors consider that the carrying amount of trade payables approximates to their fair value (see note 20).

14. Tax assets and liabilities

	Group		Company	
	2020 £'000	2019 £'000 (restated)	**2020 £'000**	2019 £'000
Current tax				
Current tax receivables	**435**	463		–
Current tax liabilities	**(1,100)**	(1,637)		–

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current year:

Group	Pension funds and retirement provision £'000	Tax losses £'000	Other temporary differences £'000	Total £'000
Net deferred tax				
At 1 January 2019	86	–	(4)	82
Foreign exchange	(2)			(2)
Recognised in Group statement of comprehensive income	(84)			(84)
Charged to Group income statement				
At 31 December 2019	–	–	(4)	(4)
Foreign exchange				
Charged to the Group income statement		1	3	4
At 31 December 2020	–	1	(1)	–

Group	**31 December 2020 £'000**	31 December 2019 £'000
Deferred tax assets	**1**	–
Deferred tax liabilities	**(1)**	(4)
Total	**–**	(4)

At 31 December 2020 the Group recognised a deferred tax asset of Nil (2019: £ Nil).

At 31 December 2020 the Group did not recognise deferred tax assets totalling £34.1m (2019: £31.5m), of which £26.6m (2019: £25.2m) are in respect of tax losses and £7.1m (2019: £6.3m) are in respect of other temporary differences. The Group believes there will not be sufficient future taxable profits to utilise the deductions arising from the reversal of these deferred tax assets.

No deferred tax liability is recognised in relation to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of the temporary differences which would give rise to the liability and it is probable that they will not reverse in the foreseeable future. The unrecognised deferred tax liability at 31 December 2020 of £0.9m (2019: £0.9m) is in respect of the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings would still result in a tax liability, principally as a result of tax due in overseas intermediate holding companies and dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

Company

The Company did not recognise deferred tax assets or liabilities in either 2020 or 2019. The Company has an unrecognised deferred tax asset of £7.1m (2019: £5.7m).

15. Retirement benefit obligations

Defined contribution schemes

The Group operates a number of defined contribution pension schemes throughout the world. The total cost charged to the income statement in respect of defined contribution schemes was £520,000 (2019: £679,700), representing contributions payable to these schemes by the continuing Group at rates specified in the rules of the plans.

Defined benefit schemes

The retirement benefits obligation reflected in the Group balance sheet at 31 December 2020 relates to the net liability under a part-funded US defined benefit pension scheme of £8.1m, an unfunded French retirement obligation of £0.3m, a German defined benefit pension scheme of £1.2m and a legacy Kurt Salmon UK defined pension scheme of £0.0m. The net post-retirement obligation for defined benefit schemes decreased from £9.7m at 31 December 2019 to £9.6m at 31 December 2020, principally as a result of a drop in interest rates, which was offset by favourable investment performance by the US scheme plan assets.

The retirement benefit obligations are summarised below:

	2020 £'000	2019 £'000
US defined benefit pension scheme	**(8,128)**	(8,349)
Proudfoot French statutory obligation	**(289)**	(366)
UK defined benefit pension scheme	**(15)**	96
Proudfoot German defined benefit pension scheme	**(1,180)**	(1,072)
All schemes	**(9,612)**	(9,691)

(A) US schemes

The funded US defined benefits pension scheme was closed to new entrants with effect from 1 February 2001 and further benefit accruals ceased for all members with effect from 31 December 2001. Benefits are linked to final average pay. A Pensions committee is responsible for ensuring the scheme is compliant with US regulations. A sub-committee, the Investments committee, appointed Bank of America Merrill Lynch to manage the investment fund portfolio, and AON as actuaries advise on compliance with US regulations. The investment performance and liability experience are actively reviewed by the pension committee and its advisers, and monitors its exposure to changes in interest rates and equity markets. These measures are considered when deciding whether significant changes in investment strategy is required and to determine the optimal investment mix bearing in mind the Group's tolerance for risk and the longer-term objective that over time the deficit will reduce accordingly. During 2020 the fund was managed on a basis to reduce (as far as possible) the deficit between liabilities and assets whilst maintaining an appropriate risk profile. This was achieved by having 35% of the fund in equities and 65% in bonds. The investment split is considered by the investment committee on a quarterly basis but has not changed during the year.

The scheme represents represents 85 % of the Group's pension obligations (2019: restated 86%). US liabilities are backed by USD assets to minimise any currency risk. Any class of holdings in non-US listed stocks are held by way of an ADR (American depositary receipt) which are denominated in US dollars. All equity investments are in quoted stocks.

During 2020, the Company has made payments totalling £0.1m into the pension fund. Cash contributions are required due to there not being sufficient funding balances remaining to fully satisfy the contribution requirements in the year. AON prepare a valuation to document the cash contributions required. Expected pension contributions for 2021 are in the region of £1.4m (2020: £1.5m).

The pension deficit has decreased during 2020 by £0.2m (2019: £0.6m decrease).

The principal assumptions used for the recent actuarial valuations were:

	2020	2019
Discount rate	**2.20%**	3.04%
General inflation assumption	**n/a**	n/a
Mortality table	**Pri – 2012 (scale MP 2020)**	Pri – 2012 (scale: MP 2020)

	2020		2019	
	Male	**Female**	Male	Female
Life expectancy at age 75	**12.10**	**14.00**	12.04	13.94

The US defined benefits pension scheme has historically adopted the latest mortality assumptions issued by the Society of Actuaries (SOA) prior to the measurement date. On October 23, 2019, the Society of Actuaries' Retirement Plans Experience Committee (RPEC) released an updated set of mortality assumptions – Pri-2012 Private Retirement Plans Mortality Tables and Scale MP-2019.

Pri-2012 Private Retirement Plans Mortality provides new base mortality assumptions for private retirement plans using 2012 as the central year. The new base mortality assumptions split annuitants into retiree and contingent survivor tables. The updated data in the study shows higher mortality for older individuals.

Scale MP-2019 incorporates an additional year of U.S. population experience and generally retains the methodology from previous iterations. The additional year of data shows a lower degree of mortality improvement than in previous years.

There are neither guaranteed nor discretionary increases to benefits after retirement.

(i) Components of amounts recognised in the income statement

	2020 £'000	2019 £'000
Service costs	**410**	402
Interest expense on plan obligations	**1,555**	2,062
Interest income on plan assets	**(1,288)**	(1,661)
Total charge to income statement	**677**	803

All items charged to the income statement have been recognised as finance costs.

(ii) Components of amounts recognised in the other comprehensive income statement

	2020 £'000	2019 £'000
Liability loss due to changes in assumptions	**3,298**	3,963
Liability experience loss arising in the year	**154**	427
Asset gain arising during the year	**(3,920)**	(5,531)
Total gain recognised in the other comprehensive income statement	**(468)**	(1,141)

(iii) The amount included in the balance sheet arising from the Group's obligations in respect of the US defined benefit pension scheme is as follows:

	Note	**2020 £'000**	2019 £'000
Present value of defined benefit obligations	15(iv)	**(50,478)**	(51,393)
Fair value of scheme assets	15(iv)	**42,350**	43,044
Liability recognised in the balance sheet		**(8,128)**	(8,349)

The weighted average duration of the obligation is approximately 9 years.

(iv) Movements in balance sheet amounts

Changes in the present value of the defined benefit obligations are as follows:

	2020 £'000	2019 £'000
Opening defined benefit obligation	**(51,393)**	(50,860)
Interest cost	**(1,555)**	(2,062)
Service cost	**(410)**	(402)
Actuarial loss – Financial assumption changes	**(3,787)**	(4,989)
Actuarial gain – Demographic assumption changes	**489**	1,026
Actuarial loss – Unexpected experience	**(154)**	(427)
Exchange differences	**1,808**	1,925
Benefits paid	**4,524**	4,396
Closing defined benefit obligation	**(50,478)**	(51,393)

Changes in the fair values of the plan assets are as follows:

	2020 £'000	2019 £'000
Opening fair value of plan assets	**43,044**	41,720
Interest income	**1,288**	1,661
Return on plan assets excluding interest income	**3,920**	5,532
Employer contributions	**140**	133
Exchange differences	**(1,518)**	(1,606)
Benefits paid	**(4,524)**	(4,396)
Closing fair value of plan assets	**42,350**	43,044
Net retirement benefit obligation	**(8,128)**	(8,349)

(v) The fair value of plan assets at the balance sheet date are analysed as follows:

	2020 £'000	2019 £'000
Equities	**10,698**	12,005
Bonds	**27,015**	27,252
Cash	**4,430**	3,497
Other	**207**	290
	42,350	43,044

The plan assets held are traded in liquid markets.

(vi) Sensitivities on key assumptions

US DB pension

A 1 % decrease in the discount rate would increase the benefit obligation by £ 4,885,000 an increase of 9%.

A one-year increase in life expectancy would increase the benefit obligation by £2,262,000 an increase of 4%.

The sensitivities applied are in line with recent experience and sensitivity on discount rate is the sole sensitivity run by the actuaries on the pension valuation.

(vii) Estimated future benefit payments

	2020 £'000	2019 £'000
In one year	**3,908**	4,125
In two years	**3,827**	4,048
In three years	**3,758**	3,961
In four years	**3,690**	3,888
In five years	**3,596**	4,200
In six to ten years	**15,715**	17,036

(B) French schemes

The IDR (Indemnités de Départ en Retraite) is a post retirement lump sum paid to an employee upon retirement. The benefit depends on final salary and years of service within the company. If the employee leaves the company before retirement age the benefit is forfeited. It is a mandatory benefit defined by collective agreement (different for each activity area) with a minimum imposed by French law. Due to the long-term nature of the commitment, this benefit falls under the scope of IAS19. Since the lump sum is a one off payment paid at retirement age, it is not appropriate to illustrate life expectancies. The valuation assumes that members retire at age 65. There are neither guaranteed nor discretionary increases to benefits after retirement.

Unfunded French retirement obligation

The principal assumptions used for the recent actuarial valuation of the French retirement scheme were:

	2020	2019
Rate of increase in salaries	**2%**	2%
Discount rate	**0.25%**	0.60%
Mortality tables	**TPGFO5/TPGHO5**	TPGFO5/TPGHO5

(i) Components of amounts recognised in the income statement

	2020 £'000	2019 £'000
Service costs	**(14)**	20
Interest expense on plan obligations	**2**	4
Total (credit)/charge to income statement	**(12)**	24

(ii) Amounts recognised in the other comprehensive income statement

	2020 £'000	2019 £'000
Liability (gain)/loss due to changes in assumptions	**(86)**	15
Total (gain)/loss recognised in the other comprehensive income statement	**(86)**	15

(iii) The amount included in the balance sheet arising from the Group's obligations in respect of the French post-retirement benefit scheme is as follows:

	2020 £'000	2019 £'000
Present value of defined benefit obligations	**(289)**	(366)
Fair value of scheme assets	**–**	–
Liability recognised in the balance sheet	**(289)**	(366)

(iv) Movements in balance sheet amounts

Changes in the present value of the French defined benefit obligation are as follows:

	2020 £'000	2019 £'000
Opening defined benefit obligation	**(366)**	(346)
Service cost	**14**	(20)
Actuarial (gain)/ loss	**86**	(15)
Interest cost	**(2)**	(4)
Foreign exchange difference	**(21)**	19
Closing defined benefit obligation	**(289)**	(366)

The French obligation is unfunded and holds no plan assets.

There are no experience adjustments in relation to the French post-retirement scheme in the period since acquisition.

(v) Sensitivities on key assumptions

The impact of a movement on a discount rate of 0.25% would be insignificant.

Life expectancy sensitivity is not required for a lump sum on retirement only scheme.

(C) UK schemes

The UK Scheme relates to a legacy Kurt Salmon defined pension scheme. The scheme operates on a defined benefit contribution basis with final benefits subject to a minimum value based on final pay. Benefits are linked to final pay and ceased to accrue with effect from 13 August 2007 and is closed to new members. The plan is subject to the regulatory requirements that apply to UK

Pension plans. Independent trustees are responsible for ensuring that the plan operates in a manner that is compliant with UK regulations.

UK retirement obligation

The principal assumptions used for the recent actuarial valuation of the UK retirement scheme were:

	2020	2019
Discount rate	**1.3%**	2.0%
Inflation	**3.1%**	3.1%
Mortality table	**90% of S3PA**	90% of S3PA

Assumption at Valuation date	**31/12/2020**	**31/12/2020**	**31/12/2019**	**31/12/2019**
Mortality projection table	**2019**	**2019**	**2018**	**2018**
Gender	**Male**	**Female**	**Male**	**Female**
Mortality at 31/12/2020	21.8	23.9	21.7	23.7
Mortality for birth year 1954	22.9	23.2	22.8	24.7
Mortality for birth year 1975	24.6	26.0	24.6	25.9

Life expectancy

Mortality was previously assumed to be in line with 90% of standard table S3PA with improvements in mortality fully projected in line with the CMI 2018 model with a long-term rate of improvement of 1.5% pa for males and 1% pa for females. The latest standard table is S3PA and the latest projection is the CMI 2019 model. A comparison of life expectancies (at age 65) under these and the previous assumptions is shown below:

The above mortality project table illustrates this for the current table and the prior year table. The different lines represent:

- Life expectancy assuming mortality at 31/12/2020 with no future improvements
- Life expectancy assuming project mortality for a member aged 65 at 31/12/2020
- Life expectancy assuming projected mortality for a member aged 65 at 31/12/2040

(i) Amounts recognised in income statement in respect of the UK post-retirement scheme are as follows:

Components of amounts recognised in the income statement:

	2020 **£'000**	2019 £'000
Interest expense on plan liabilities	**(36)**	(41)
Interest income on plan assets	**33**	45
Total charge to the income statement	**3**	4

(ii) Amounts recognised in other comprehensive income statement

Amounts recognised in the other comprehensive income statement:

	2020 **£'000**	2019 £'000
Liability loss due to change in assumptions	**92**	299
Asset loss/(gain) arising during the year	**42**	(293)
Total loss recognised in the other comprehensive income statement	**134**	6

There are no expected contributions payable for the next annual reporting period.

(iii) The amounts included in the balance sheet arising from the Group's obligations in respect of the UK post-retirement benefit scheme are as follows:

	2020 £'000	2019 £'000
Present value of defined benefit obligations	**(1,567)**	(1,691)
Fair value of scheme assets	**1,552**	1,787
(Liability)/ asset recognised in the balance sheet	**(15)**	96

The weighted average duration of the obligation is approximately 24 years.

Changes in the present value of the defined benefit obligations are as follows:

	2020 £'000	2019 £'000
Opening defined benefit obligation	**(1,691)**	(1,600)
Interest cost	**(36)**	(41)
Settlements	**252**	249
Actuarial loss – financial assumption changes	**(90)**	(301)
Actuarial (loss)/gain – demographic assumption changes	**(2)**	2
Closing defined benefit obligation	**(1,567)**	(1,691)

Changes in the fair values of the plan assets are as follows:

	2020 £'000	2019 £'000
Opening fair value of plan assets	**1,787**	1,800
Interest income	**33**	45
Settlements	**(292)**	(378)
Company contributions	**66**	27
Return on plan assets excluding interest income	**(42)**	293
Closing fair value of plan assets	**1,552**	1,787

(iv) The fair value of plan assets at the balance sheet date are analysed as follows:

	2020 £'000	2019 £'000
Equities	**1,355**	1,372
Bonds	**53**	270
Cash	**70**	72
Other	**74**	73
	1,552	1,787

All equity investments are in quoted stocks.

(v) Sensitivities on key assumptions

A 0.5% decrease in the discount rate would increase the benefit obligation by £151,104.

A 0.5 % increase in the rate of inflation would increase the benefit obligation by £137,867.

An increase of life expectancy of scheme members of 4% at age 65 would increase in the benefit obligation by £35,453.

The sensitivities applied are in line with recent experience.

(D) German scheme

The German Company, Alexander Proudfoot GmbH, has a commitment to pay out a pension to its employees. The scheme is closed to new entrants. An annual valuation is undertaken in respect of the liability. The assets to support the pension scheme take the form of a re-insurance policy to ensure that the company has the required funds to meet its future obligations. The reinsurance policies are not qualified as plan assets under IAS19, because they are not pledged to the beneficiaries.

German retirement obligation

The principal assumptions used for the recent actuarial valuation of the German retirement scheme were:

	2020	2019
Discount rate	**1.12%**	1.30%
Inflation	**2%**	2%
Mortality table	**Heubeck RT2018G**	Heubeck RT2018G

(i) Amounts recognised in income statement in respect of the German post-retirement scheme are as follows:

Components of amounts recognised in the income statement:

	2020 £'000	2019 £'000
Interest expense on plan liabilities	**15**	19
Total charge to the income statement	**15**	19

(ii) Amounts recognised in other comprehensive income statement

Amounts recognised in the other comprehensive income statement:

	2020 £'000	2019 £'000
Liability loss due to change in assumptions	**39**	147
Total loss recognised in the other comprehensive income statement	**39**	147

There are no expected contributions payable for the next annual reporting period.

(iii) The amounts included in the balance sheet arising from the Group's obligations in respect of the German post-retirement benefit scheme are as follows:

	2020 £'000	2019 £'000
Present value of defined benefit obligations	**(1,180)**	(1,072)
Liability recognised in the balance sheet	**(1,180)**	(1,072)

Changes in the present value of the defined benefit obligations are as follows:

	2020 £'000	2019 £'000
Opening defined benefit obligation	**(1,072)**	(970)
Interest cost	**(15)**	(19)
Benefits paid	**6**	6
Actuarial loss – financial assumptions	**(41)**	(150)
Actuarial gain – experience adjustments	**2**	3
Exchange differences	**(60)**	58
Closing defined benefit obligation	**(1,180)**	(1,072)

(iv) Sensitivities on key assumptions

A 1% decrease in the discount rate would increase the benefit obligation by £271,870.

The sensitivities applied are in line with recent experience.

16. Long-term provisions

	Group			
	Property provision £'000	Litigation £'000	Other provision £'000	Total £'000
At 1 January 2020	45	2,131	1,353	3,529
Utilised	(42)	(159)	(163)	(364)
Released	(4)	(1,401)	(5)	(1,410)
Charge	–	–	41	41
Foreign exchange movement	1	114	(11)	104
At 31 December 2020	**–**	**685**	**1,215**	**1,900**

	Company		
	Litigation £'000	Other provision £'000	Total £'000
At 1 January 2020	1,598	853	2,451
Utilised	(154)	(106)	(260)
Released	(1,401)	(5)	(1,406)
Charge	–	40	40
Revaluation	86	–	86
At 31 December 2020	**129**	**782**	**911**

	Group			
	Property provision £'000	Litigation £'000	Other provision £'000	Total £'000
At 1 January 2019	358	2,780	1,371	4,509
Utilised	(93)	(46)	(600)	(739)
Released	(122)	(486)	–	(608)
Charge	(147)	–	–	(147)
Foreign exchange movement	52	–	596	648
At 31 December 2019	**45**	**2,131**	**1,353**	**3,529**

	Company		
	Litigation £'000	Other provision £'000	Total £'000
At 1 January 2019	1,974	1,090	3,064
Utilised	(46)	(522)	(568)
Released	(234)	(30)	(264)
Charge	–	315	315
At 31 December 2019	**1,598**	**853**	**2,451**

Provisions are expected to be utilised over the period to 2021 and are discounted if material.

Property provisions relate to residual obligations arising from the serving of the transitional service agreements in relation to the two Kurt Salmon disposals. On adoption of IFRS 16 in the prior year, the onerous lease provision in respect of the San Francisco office previously held as a provision was derecognised as onerous leases don't exist under IFRS 16.

Litigation provisions relate to a number of legal disputes in which the Group is currently involved in relation to former employees of the Group and also in relation to the Kurt Salmon disposal. The amount provided represents management's best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court, or if not whether the Group is successful in defending any action. Due to the nature of the claims, management have not disclosed current or future information on the basis that this may be prejudicial to the Group's position in defending the cases brought against it.

Other provisions relate to additional pension payments to a former Proudfoot employee which do not meet the definition of a pension in accordance with IAS 19, costs relating to the ongoing servicing of the Kurt Salmon Retirement benefit pension, and costs associated with the restructuring and liquidation of group companies.

17. Share capital

(a) Called up share capital

	2020 £'000	2019 £'000
Issued and fully paid		
1,516,528,424 (2019: 1,516,528,424) shares of 1p each	**15,165**	15,165
	15,165	15,165

No expense has been recognised in the year in respect of share awards. The cumulative share compensation reserve at 31 December 2020 is £26,000 (2019: £223,000). No awards were granted in the year.

(b) Share awards

Conditional awards

The Performance Share Plan was introduced during 2008. Any employee (including an executive director) of the Company and its subsidiaries is eligible to participate in the Plan at the discretion of the Remuneration Committee (the "Committee").

The Committee may grant awards as conditional shares, a nil (or nominal) cost option with a short exercise period or as forfeitable shares. The Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash.

The vesting of awards is subject to performance conditions set by the Committee.

Restricted awards

Share awards to employees other than directors may be made on a restricted basis. These awards are normally only subject to an employment condition and can be satisfied with either market purchase shares or from up to nine million of new shares following a shareholder resolution passed on 17 December 2015. Executive directors are not eligible to participate in restricted share plans.

	Number of shares
Outstanding at 1 January 2020	1,705,579
Granted during the year	–
Forfeited during the year	–
Satisfied during the year	1,500,000
Outstanding at 31 December 2020	205,579
Exercisable at 31 December 2020	**205,579**

The awards outstanding at 31 December 2020 have an exercise price of nil.

18. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares
Shares held by employee benefits trusts	Weighted average cost of own shares held in treasury and by the ESOP trust
Translation reserve	Gains/losses arising on retranslating the net assets of overseas operations into sterling
Accumulated deficit	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

The share compensation reserve represents the net credit arising from the charge for share awards less amounts transferred to retained earnings following the lapse of share awards. Shares held by the employee benefit trusts represent 244,000 shares (2019: 2,986,341). The value of these shares held in reserves is £101,000 (2019: £129,000).

The translation reserve of £2,137,000 represents all foreign currency differences arising from the translation of the financial statements of foreign operations plus any foreign currency difference arising from the group's net investments in foreign operations.

Shares held by ESOP/Treasury shares	**2020 Number '000**	**2020 £'000**	2019 Number '000	2019 £'000
Ordinary shares held by the ESOP	**244**	**101**	2,986	129

The shares held by the ESOP are expected to be issued under share option contracts. During 2020, nil shares were acquired to satisfy vested shares awards not yet exercised.

19. Notes to the cash flow statement

The Group had financing liabilities arising from cash flow activities in the year ended 31 December 2020, in respect of lease liabilities held on the balance sheet following the adoption of IFRS16. These total £1.0m, refer to note 10 for further information.

Company Only

Reconciliation of financial liabilities

	Opening balance at 1/1/20 £'000	Intercompany debt forgiveness £'000	Intercompany cash outflows £'000	Translation £'000	Closing balance at 31/12/20 £'000
Intercompany receivables	4,767	(166)	352	–	4,953
Intercompany payables	(338)		178	–	(160)
Total	4,429	(166)	530	–	4,793

Reconciliation of net cash and debt position

	Bank borrowings (£'000)	**Cash and cash equivalents (£'000)**	**Leases (£'000)**	**Total (£'000)**
Net cash/(debt) held at 1 January 2019	**–**	**12,970**	**(1,911)**	**11,059**
Cash flow	–	(5,896)	1,010	(4,886)
New leases	–	–	(732)	(732)
Interest	–	–	(125)	(125)
Foreign exchange movements	–	598	43	641
Net cash/(debt) held at 31 December 2019	**–**	**7,672**	**(1,715)**	**5,957**
Cash flow	(1,186)	(4,850)	775	(5,261)
Interest	–	–	(80)	(80)
Foreign exchange movements	–	(307)	5	(302)
Net cash/(debt) held at 31 December 2020	**(1,186)**	**2,515**	**(1,015)**	**314**

Cash and cash equivalents

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement.

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Cash at bank and in hand	**4,354**	11,667	**2,166**	**4,918**
Restricted cash	**(1,839)**	(3,995)	**(1,839)**	(3,995)
Cash and cash equivalents for cash flow	**2,515**	7,672	**327**	923

Included within the 2020 Group cash balance of £4.4m and Company cash balance of £2.2m is £1.9m (2019: £4.0m) of cash which is not available for use by the Group. This represents cash held in restricted bank accounts which is required to be retained to support indemnity obligations to Wavestone, the acquirer of the French and related operations of Kurt Salmon and in support of the Kurt Salmon UK pension scheme, which became PLC Company's obligation following the sale of the Kurt Salmon retail and consumer goods operations.

20. Financial instruments

Capital structure and treasury policies

Review of treasury policies

The Group and Company are financed by shareholders' equity. The Group and Company's capital structures are reviewed regularly to ensure that each remains relevant to the business and its planned development. There are established treasury policies that are reviewed regularly to ensure that they remain relevant to the business.

Risk management

The objective of the Group and Company's treasury policies is to provide liquidity for the Group and Company at minimum risk and minimum cost and to hedge known financial exposures, when economically efficient. The main treasury risks faced by the Group and Company are country-specific liquidity risks. The Group and Company's objectives regarding exchange rate risk, and liquidity risk are, respectively, to minimise interest charges; minimise realised exchange losses on foreign currency transactions; ensure that the Group and Company only deal with creditworthy customers; and ensure that the Group and Company have sufficient resources available to meet their liabilities as they fall due. Investment of the Group and Company's cash is made within policies that cover counterparty risk and liquidity. Surplus cash is invested generally in overnight deposits.

The Group and company's exposure to credit risk has historically been low. The impairment allowance for trade receivables (refer note 12) is based on the Group's historic credit losses experienced over a three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information. For the Company, receivables from its subsidiaries are not settled on a regular basis therefore the impairment allowance is recalculated at period end to establish an impairment allowance. Expected credit losses are recognised where it is unlikely that a subsidiary will be unable 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.

The most important foreign currencies for the Group and the Company are the US Dollar and the Euro. The relevant exchange rates to Sterling were:

	2020		2019	
	Average	**Closing**	Average	Closing
£1 = US Dollar	**1.28**	**1.37**	1.33	1.27
£1 = Euro	**1.11**	**1.11**	1.13	1.11

Interest rate and currency profile of financial assets and financial liabilities at the year-end – Group

Currency	Note	**2020 Floating rate £'000**	2019 Floating rate £'000
Financial assets			
Sterling		**1,638**	1,927
US Dollar		**1,451**	3,708
Euro		**1,053**	3,729
Other		**212**	2,303
Cash and cash equivalents	19	4,354	11,667
Sterling		**1,178**	2,216
US Dollar		**227**	1,027
Euro		**1,988**	1,733
Other		**299**	490
Trade and other receivables	12	**3,692**	5,466
Financial liabilities			
Sterling		**(3,351)**	(4,759)
US Dollar		**(1,048)**	–
Euro		**(1,868)**	(1,695)
Other		**(523)**	(613)
Trade and other payables	13	**(6,790)**	(7,066)
Sterling		**(409)**	(537)
US Dollar		**(606)**	(1,178)
Lease liabilities		**(1,015)**	(1,715)

The cash and cash equivalents, including short-term deposits, attract interest rates based on Libor, US Dollar Libor and Euribor for periods of up to three months. The carrying value of these assets approximates their fair value.

Exposure to credit risk – Group

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	**2020 £'000**	2019 £'000
Cash and cash equivalents	19	**4,354**	11,667
		4,354	11,667

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

		Carrying amount	
	Note	**2020 £'000**	2019 £'000
Europe		**1,168**	846
United States		**62**	529
Rest of the World		**202**	128
United Kingdom		**401**	1,269
	12	**1,833**	2,772

The Group's most significant customer accounted for 61% of the trade receivables carrying amount at 31 December 2020 (2019: 6%).

	Note	**2020 £'000**	2019 £'000
Not past due		**628**	1,446
Past due 0–30 days		**1,077**	782
Past due 31–120 days		**128**	544
	12	**1,833**	2,772

The credit quality of trade receivables not past due is believed to be A-.-.

Liquidity risk – Group

The following are the contractual maturities of financial liabilities:

31 December 2020	Note	**Carrying amount £'000**	**Contractual cash flows £'000**	**6 months or less £'000**	**6–12 months £'000**	**1–2 years £'000**
Non-derivative financial liabilities						
Trade and other payables	13	**(6,790)**	**(6,790)**	**–**	**–**	**–**
Bank Borrowings		**(1,186)**	**(1,186)**	**–**	**–**	**(1,186)**
Lease liabilities	10	**(1,015)**	**(1,015)**	**(181)**	**(181)**	**(653)**
		(8,991)	**(8,991)**	**(181)**	**(181)**	**(1,839)**

31 December 2019	Note	**Carrying amount £'000**	**Contractual cash flows £'000**	**6 months or less £'000**	**6–12 months £'000**	**1–2 years £'000**
Non-derivative financial liabilities						
Trade and other payables	13	(7,066)	(7,066)	(7,066)	–	–
Lease liabilities	10	(1,715)	(1,715)	(478)	(268)	(969)
		(8,781)	(8,781)	(7,544)	(268)	(969)

Currency risk – Group

The Group's exposure to foreign currency risk was as follows, based on notional amounts:

	31 December 2020		31 December 2019	
	Euro £'000	**US Dollar £'000**	Euro £'000	US Dollar £'000
Trade receivables	**1,190**	**223**	846	575
Trade payables	**(66)**	**(196)**	(150)	(298)
Gross balance sheet exposure	**1,124**	**27**	696	277
Notional current year sales	**5,060**	**1,916**	8,497	7,623
Notional current year purchases	**(3,036)**	**(1,846)**	(4,677)	(4,402)
Gross and net exposure	**2,024**	**70**	3,820	3,221

Sensitivity analysis – Group

A 5% strengthening of Sterling against the following currencies at 31 December 2020 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. 5% is the annual exchange rate movement that is deemed reasonably probable for the two most significant currencies in the Group based on recent experience. 2019 sensitivities were prepared on a 5% currency movement.

	Equity £'000	Profit or loss £'000
2020		
US Dollar	**(1)**	**(3)**
Euro	**(53)**	**(96)**
2019		
US Dollar	(13)	(153)
Euro	(33)	(182)

A 5% weakening of Sterling against the following currencies at 31 December 2020 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. 5% is the annual exchange rate movement that is deemed reasonably probable for the two most significant currencies in the Group based on recent experience. 2019 sensitivities were prepared on a 5% currency movement.

	Equity £'000	Profit or loss £'000
2020		
US Dollar	**1**	**327**
Euro	**4**	**107**
2019		
US Dollar	15	170
Euro	126	201

The Group has variable or fixed rate financial assets or financial liabilities.

Fair values versus carrying amounts – Group

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

		31 December 2020		31 December 2019)	
	Note	**Carrying amount £'000**	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Trade and other receivables	12	**3,692**	**3,692**	5,466	5,466
Cash and cash equivalents	19	**4,354**	**4,354**	11,667	11,667
Trade and other payables	13	**(6,790)**	**(6,790)**	(7,066)	(7,066)
Lease liabilities	10	**(1,015)**	**(1,015)**	(1,715)	(1,715)

Interest rate and currency profile of financial assets and financial liabilities at the year-end – Company

Currency	Note	**2020 Floating rate £'000**	2019 Floating rate £'000
Financial assets			
Sterling		**1,410**	2,728
US Dollar		**158**	562
Euro		**598**	1,628
Cash and cash equivalents	19	**2,166**	4,918
Sterling		**3,831**	1,882
US Dollar		**542**	2,176
Euro		**798**	948
Trade and other receivables	12	**5,171**	5,006
Financial liabilities			
Sterling		**(650)**	(707)
US Dollar		**(20)**	(262)
Euro		**(44)**	(56)
Trade and other payables	13	**(714)**	(1,025)

The cash and cash equivalents, including short-term deposits, attract interest rates based on Libor, US Dollar Libor and Euribor for periods of up to three months. The carrying value of these assets approximates their fair value.

Exposure to credit risk – Company

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2020 £'000	2019 £'000
Cash and cash equivalents	**2,166**	4,918

The Company has no exposure to credit risk for trade receivables. The Company is exposed to credit risk for intercompany receivables. Where it is likely that intercompany balances will not be repaid, the Company provides for these receivables. The Company also recognises on expected credit loss against outstanding intercompany receivable balances at the end of the period, The Company mitigates against credit risk by moving surplus cash in the subsidiaries in the Company via repayment of intercompany debts.

Liquidity risk – Company

The following are the contractual maturities of financial liabilities, including estimated interest payments:

31 December 2020	**Carrying amount £'000**	**Contractual cash flows £'000**	**6 months or less £'000**
Non-derivative financial liabilities			
Trade and other payables	**(714)**	**(714)**	**(714)**
	(714)	**(714)**	**(714)**

31 December 2019	**Carrying amount £'000**	**Contractual cash flows £'000**	**6 months or less £'000**
Non-derivative financial liabilities			
Trade and other payables	(1,025)	(1,025)	(1,025)
	(1,025)	(1,025)	(1,025)

Currency risk – Company

The Company's exposure to foreign currency risk was as follows, based on notional amounts:

	31 December 2020		31 December 2019	
	Euro £'000	**US Dollar £'000**	Euro £'000	US Dollar £'000
Intercompany receivables	**798**	**406**	948	2,073
Intercompany payables	**(42)**	**(20)**	(56)	(262)
Gross balance sheet exposure	**756**	**386**	892	1,811

The Company's exposure to foreign currency risk relates to intercompany balances with other companies within the Group.

Sensitivity analysis – Company

A 5% strengthening of Sterling against the following currencies at 31 December 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The sensitivity assumes exchange rate effects that are reasonably possible for the USD and Euro currencies based on recent experience. 2019 sensitivities were prepared on a 5% currency movement.

	Equity £'000	Profit or loss £'000
2020		
US Dollar	**(18)**	**(18)**
Euro	**(36)**	**(36)**
2019		
US Dollar	(86)	(86)
Euro	(42)	(42)

A 5% weakening of Sterling against the following currencies at 31 December 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The sensitivity assumes exchange rate effects that are reasonably possible for the USD and Euro currencies based on recent experience. 2019 sensitivities were prepared on a 5% currency movement.

	Equity £'000	Profit or loss £'000
2020		
US Dollar	**20**	**20**
Euro	**40**	**40**
2019		
US Dollar	95	95
Euro	47	47

The Company has variable or fixed rate financial assets or financial liabilities.

Fair values versus carrying amounts – Company

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2020		31 December 2019	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Cash and cash equivalents	**2,166**	**2,166**	4,917	4,917
Trade and other receivables	**5,171**	**5,171**	5,006	5,006
Trade and other payables	**(714)**	**(714)**	(1,025)	(1,025)

21. Related party transactions

Group

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Except as disclosed below and in Note 24, no Group company entered into a transaction with a related party that is not a member of the Group. Goods and services purchased from related parties are on normal commercial terms and conditions.

During the year, the Group entered into the following transactions with related parties:

Nicholas Stagg, a director of the Company, is an adviser to the Board of Wedlake Bell LLP. During 2020, Wedlake Bell provided services at fair market rates to Management Consulting Group PLC valued at £22,000 (2019: £23,000) and at year end there was a liability due to Wedlake Bell of £20,000 (2019: nil). I-Global, a subsidiary of Wedlake Bell provided services at fair market rates to Alexander Proudfoot (Europe) Limited valued at £88,000 (2019: £41,000) and at year end there was a liability due to I-Global of £22,000 (2019: £1,000).

All transactions with pension trustees have been disclosed in note 16.

Remuneration of key management personnel

The aggregate remuneration of the key management personnel of the Group is set out below. Key management personnel are the executive directors.

	2020 £'000	2019 £'000
Short-term employee benefits	**682**	871
Post-employment benefits	**86**	86
	768	957

22. Subsidiary undertakings

At 31 December 2020, the Company had the following subsidiary undertakings, with all trading subsidiaries being engaged in the provision of management consultancy services. The shareholdings were 100% of the subsidiary undertakings' ordinary shares and were held indirectly except where indicated. Each of the subsidiaries is included in the consolidation.

	Registered address	**Countries of incorporation/ operation**
Management Consulting Group Overseas Ltd[*]	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom
Proudfoot Trustees Ltd[*]	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom
MCG Company No 1 Ltd[*]	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom
Alexander Proudfoot (Europe) Ltd[*]	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom
Kurt Salmon Associates Ltd	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom
Management Consulting Group Holdings LLC	6 Concourse Parkway, Suite 2650, Atlanta, GA 30328, USA	United States
Alexander Proudfoot Company	6 Concourse Parkway, Suite 2650, Atlanta, GA 30328, USA	United States
Alexander Proudfoot GmbH	c/o Regus Business Centre, An der Welle 4, 60322 Frankfurt am Main Germany	Germany
Alexander Proudfoot GmbH*	LandstraBer HauptstraBe 71/2 1030 Wien, Austria	Austria
Alexander Proudfoot France SAS	168 Avenue Charles de Gaulle, 92200 Neuilly sur Seine, France	France
Alexander Proudfoot Europe SA	523 Avenue Louise, Brussels 1050, Belgium	Belgium
Alexander Proudfoot SA	Capitan Haya 60, 2nd Floor, 28020 Madrid, Spain	Spain
MCG Overseas Holdings BV*	Van der Valk Boumanlaan 13 l, 3446 GE Woerden, The Netherlands	Netherlands
Proudfoot (Netherlands) BV	Van der Valk Boumanlaan 13 l, 3446 GE Woerden, The Netherlands	Netherlands
Alexander Proudfoot Japan K.K	Ark Mori Building, 1-12-32 Akasaka, Toyko, Japan	Japan
Proudfoot (Malaysia) SDN BHD	1 Sentral, Level 16, Jalan Stesen Sentral 5, KL Sentral, Kuala Lumpur, 50470, Malaysia	Malaysia

	Registered address	Countries of incorporation/ operation
Proudfoot (Singapore) Pte	8 Marina Boulevard #05-02, Marina Bay Financial Centre Tower 1, Singapore 018981	Singapore
Alexander Proudfoot Consulting (Shanghai) Limited	Room 808, No.1325 Middle Huai Hai Road, Shanghai, 200031, R.P.C.	China
Alexander Proudfoot SPA (Chile)	Avenida Isidora Goyenechea 3000 #, Piso 24, Las Condes, Santiago CP 755-0098, Chile	Chile
Ap Sucursal del Peru	Av. Camino Real 456, Torre Real, Piso 12, San Isidro, Lima 27,	Peru
Proudfoot (de Mexico) SC	Río Guadiana No. 11, Col. Cuauahtémoc, 06500 México, D.F.	Mexico
Alexander Proudfoot South Africa (Pty) Ltd	PO Box 225, Highlands North 2037, Johannesburg,	South Africa
Alexander Proudfoot Africa (Pty) Ltd[**]	PO Box 225, Highlands North 2037, Johannesburg,	South Africa
Alexander Proudfoot Inc	Canada Trust Tower,161 Bay Street, 27th Floor, PO Box 508, Toronto, Ontario M5J 2S1	Canada
Alexander Proudfoot Kazakhstan LLP	Floor 3, Block A, Business Centre, 10D Kunaeva Street, Esil District, Sur-Sultan, Kazakhstan	Kazakhstan

* Held directly.

** 49% held by Alexander Proudfoot South Africa (Pty) Ltd.

Company

Amounts owed by subsidiary undertakings. These amounts are net of impairment.

	2020 receivable/(payable) £'000	2019 receivable/(payable) £'000
Alexander Proudfoot (Europe) Limited	**2,675**	2,512
MCG Company No. 1 Limited	**308**	2,045
Alexander Proudfoot GmbH (Germany)	**(1)**	–
Alexander Proudfoot Europe SA	**(22)**	(55)
Proudfoot (de Mexico) SC	**–**	(3)
Proudfoot (Singapore) Pte	**–**	12
Alexander Proudfoot Company	**1,189**	9
Alexander Proudfoot SA	**–**	20
Alexander Proudfoot France SAS	**(3)**	213
Alexander Proudfoot GmbH (Austria)	**3**	–
Management Consulting Group Holdings LLC	**644**	(84)
MCG TSA Holdco Ltd	**–**	(241)
Ending balance	**4,793**	4,429

Transactions with subsidiary undertakings

	2020 expense/ (income) £'000	2019 expense/ (income) £'000
Alexander Proudfoot (Europe) Limited	**104**	118
Alexander Proudfoot Company	**(1,115)**	(615)
Income from transactions with subsidiary undertakings	**(1,011)**	(497)

23. Subsequent Events

On 25 February 2021, the Company completed a successful fundraise, by way of an open offer to existing shareholders and subscriptions by the management team. The Company raised a total of £4.47m representing 90% of the Offer. This resulted in 1,945,324,335 new preference shares being issued. With the current ordinary shares of 1,516,528,424 the resulting aggregate number of shares in issue of both classes of shares amounts to 3,461,852,759.

On 15 March 2021, our application for a second tranche of the pay-check protection programme loan scheme in the US Government was successful and funds of $1,064,403 were received. The terms of this loan are similar to the first PPP loan, and we expect to be able to apply for full waiver of repayment as allowed under the scheme rules. In December 2020, we applied for full waiver of the first tranche of the PPP loan received in May 2020 and on 23 May 2021, the Small Business Administration fully approved our forgiveness request and any obligations that the company had in respect of the loan have now been satisfied. The Group has also taken advantage of the Employee retention credit under the United States CARES Act, which provides a refundable tax credit.against employment taxes for businesses impacted by the pandemic.

In May 2021, the deregistration of Alexander Proudfoot (Botswana) Pyt Ltd was confirmed. An estimated corporate tax liability of approximately £260k held by the company at 31st December 2020 will be reversed in 2021.

Contacts for investors and clients

www.mcgplc.com

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Company Secretary
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We encourage shareholders to register for copies of corporate communications on our investor relations website at www.mcgplc.com.

Investor relations
The Group welcomes contact with its shareholders.

Enquiries should be directed to:

Nick Stagg, Chairman and Chief Executive
Nick.Stagg@mcgplc.com

London office: +44 20 7710 5000

Enquiries and notification concerning dividends, share certificates or transfers and address changes should be sent to the Registrar at the address shown.

Operational contacts
We welcome clients introduced by shareholders. Shareholders wishing to provide introductions to potential clients should contact Nick Stagg (see contact details above).

Shareholder online Services

Signal Shares is a secure online site where you can manage your shareholding quickly and easily. You can:

- View your holding and get an indicative valuation
- Change your address
- View your dividend payment history
- Register your proxy voting instruction
- Download a stock transfer form

To register for Signal Shares just visit www.signalshares.com. All you need is your investor code, which can be found on your share certificate or your dividend tax voucher.

Should you have any queries please contact Link Group helpline on 0871 664 0300, from overseas on +44 371 664 0300 (calls outside of the UK will be charged at the applicable international rate). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. You can also contact the registrar by email at enquiries@linkgroup.co.uk.

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