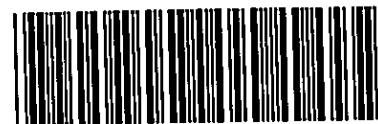


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MCKINSEY & COMPANY, INC UNITED KINGDOM
Company Number FCO 12665

Financial Statements for the year ended December 31, 2012

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COMPANIES HOUSE

To the Directors of McKinsey & Company, Inc United Kingdom

You have instructed us to review the financial statements of McKinsey & Company, Inc United Kingdom for the year ended 31st December 2012 in the context of the UK GAAP. You have not instructed us to conduct an audit and accordingly we are not giving an audit opinion on the financial statements. The financial statements have been compiled from the accounting records and information and explanations supplied. These financial statements comprising the profit and loss account, balance sheet and related notes 1 to 8 have been prepared under the accounting policies set out therein, in a manner consistent with UK GAAP.

A handwritten signature in black ink, appearing to read 'Gallagher', is positioned above the printed name of the firm.

The Gallagher Partnership LLP
Chartered Accountants
2nd Floor, Titchfield House
69/85 Tabernacle Street
London EC2A 4RR
September 27, 2013

McKinsey & Company, Inc United Kingdom
Balance Sheet as at 31st December 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Fixed Assets	1 & 2	10 907 633	8 076 137
Current Assets			
Accrued Income	1	1 274,422	24,374 888
Debtors	3	117 484 833	106,210,287
Cash		12,399,522	11 183,780
		<u>131,158 777</u>	<u>141 768 955</u>
Current Liabilities	4	(93,238,404)	(111,707 376)
Net Current Assets		<u>37 920,373</u>	<u>30,061,579</u>
Non-Current Deferred Tax (Liability)/Asset	1 & 6	(41,391)	521 304
		<u>48,786,615</u>	<u>38,659,020</u>
Share Capital		100	100
Capital Contribution		40,449,433	40 449 433
Capital Reserve		4,390 487	4 390 487
Retained Earnings	5	3 946,595	(6,181,000)
		<u>48,786,615</u>	<u>38,659,020</u>

The accompanying notes are an integral part of this balance sheet

Approved by McKinsey & Company, Inc United Kingdom
and signed on their behalf by



Alex Geddes
Director of Finance
Date September 27 2013
Company Number FCO 12665

McKinsey & Company Inc United Kingdom
Profit and Loss account for the year ended 31st December 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Revenues	1	276 363 173	284 615 747
Personnel Costs		<u>(190 791 168)</u>	<u>(203 475 087)</u>
Gross Profit		85 572.005	81 140 660
Administrative Expenses	1	(70 887 472)	(74 172 240)
Other Income / (Expenses)		(66 795)	21,537
Net Profit Before Tax		<u>14,617 738</u>	<u>6,989 957</u>
Taxation			
Current Tax	1 & 7	(3 927 448)	(2 076 441)
Deferred Tax	1	(562,695)	92 646
Net Profit After Tax		<u><u>10,127,595</u></u>	<u><u>5,006,162</u></u>

The accompanying notes are an integral part of this profit and loss account

Approved by McKinsey & Company Inc United Kingdom
and signed on their behalf by



Alex Geddes
Director of Finance
Date September 27 2013
Company Number FCO 12665

McKinsey & Company Inc United Kingdom
Notes to the financial statements
for the year ended 31st December 2012

1 ACCOUNTING POLICIES

1.1 The financial statements for McKinsey & Company Inc United Kingdom ('McKinsey UK') have been prepared under the historical cost convention and in conformity with accounting principles generally accepted in United Kingdom. The entity is not required legally or otherwise to present audited financial statements.

1.2 Fixed assets and depreciation -

Fixed assets are recorded at historical cost less accumulated depreciation. Depreciation is calculated on straight-line basis to write off the cost each asset over their estimated useful lives.

	Estimated useful lives
- Motor vehicles	3 years
- Leasehold improvements	Remaining term of lease
- Furniture and equipment	3 to 10 years

1.3 Corporation tax -

Corporation tax is provided on taxable profits at the prevailing rate.

1.4 Deferred tax -

Deferred tax is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on the current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations of periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.5 Accrued Income -

Accrued income values contracts in progress at the year end including the relevant profit element. Any amounts received on account from clients for which services have not been rendered are included in creditors in accordance with guidelines on revenue recognition.

1.6 Pension -

McKinsey UK operates pension schemes for its employees. The amount charged to the profit and loss account represents the amount paid/ payable for the year.

1.7 Revenues -

Revenues are recognised as services are rendered. The impact of revisions to engagement revenues are recognised in the period in which those changes become known.

McKinsey & Company Inc United Kingdom
Notes to the financial statements
for the year ended 31st December 2012

1 8 Currency exchange -

Pounds Sterling is the functional currency for McKinsey UK. All assets and liabilities denominated in foreign currency are translated at year-end exchange rates, other than fixed assets that are denominated at the applicable historical rates. Revenues and expenses are translated at current monthly exchange rates except for depreciation / amortization of fixed assets that are recorded at historical rates.

1 9 Comparative figures have been adjusted to conform with changes in presentation in the current year where necessary

2 FIXED ASSETS

	<u>Leasehold Improvements</u>	<u>Furniture & Equipment</u>	<u>Total</u>
	£	£	£
Cost -			
Cost brought forward	11,901,564	14,476,546	26,378,110
Additions	4,073,497	841,518	4,915,015
Disposals / Adjustments		(19,107)	(19,107)
Cost carried forward	<u>15,975,061</u>	<u>15,298,957</u>	<u>31,274,018</u>
Depreciation -			
Depreciation brought forward	5,492,516	12,809,457	18,301,973
Charge for the year	1,456,063	611,464	2,067,527
Disposals / Adjustments		(3,115)	(3,115)
Depreciation carried forward	<u>6,948,579</u>	<u>13,417,806</u>	<u>20,366,385</u>
Net book value -			
As at 31 December 2012	<u>9,026,482</u>	<u>1,881,151</u>	<u>10,907,633</u>
As at 31 December 2011	<u>6,409,048</u>	<u>1,667,089</u>	<u>8,076,137</u>

McKinsey & Company, Inc United Kingdom
Notes to the financial statements
for the year ended 31st December 2012

	<u>2012</u> £	<u>2011</u> £
3 DEBTORS		
Trade debtors	88 081 485	71,567,375
Prepayments	3 471,029	3,652,028
Intercompany balance	25 445 864	30,732,158
Other receivables	486,455	258,726
	<u>117,484,833</u>	<u>106,210 287</u>
4 CURRENT LIABILITIES		
Trade creditors	1 499,697	2,354,370
Other creditors	22,425 985	32,850,571
Accruals	52,043,433	51,956,273
Advance billing to clients	16 726 904	25,263,232
Net Corporate taxes payable	542 385	(717,070)
	<u>93,238 404</u>	<u>111,707,376</u>
5 RETAINED EARNINGS		
Profit/ (Loss) brought forward from previous year	(6,181,000)	(11,187,162)
Profit for the year	10,127,595	5,006,162
Balance carried forward	<u>3,946 595</u>	<u>(6,181,000)</u>
6 DEFERRED TAX (LIABILITY)/ASSET	(41,391)	521,304
At beginning of the year	521,304	428,658
Capital allowances	(21 386)	(229,896)
Adjustment in respect of prior years	-	739,262
Provision for deferred payments to employees	(486,809)	(375,701)
Pension contributions	(14,400)	(10,401)
Change in tax rate	(40,100)	(30,618)
	<u>(41,391)</u>	<u>521 304</u>

McKinsey & Company Inc United Kingdom
Notes to the financial statements
for the year ended 31st December 2012

	<u>2012</u> £	<u>2011</u> £
7 CURRENT TAX		
Current year UK corporation tax	3 339 647	1,500,912
Adjustment in respect of prior years	41,641	(230,396)
Overseas tax	<u>546,160</u>	<u>805,925</u>
Total current tax	<u>3,927,448</u>	<u>2,076,441</u>

The current tax charge for the period, reported in the profit and loss account, may be reconciled to the current tax charge that would result from applying a standard rate of tax to profits reported in the profit and loss account, as follows

Profit on ordinary activities before taxation	14,617,738	6,989,957
Tax at standard corporation tax rate {24.5% (2011 - 26.5%)}	3,581,346	1,852,339
Tax effect of adjustments on taxable income		
Non deductible expenses	415,854	472,028
Timing differences	(522,595)	(615,998)
Impact of overseas taxes	411,202	598,467
Adjustment in respect of prior years	<u>41,641</u>	<u>(230,396)</u>
	<u>346,102</u>	<u>224,102</u>
Total current tax	<u>3,927,448</u>	<u>2,076,441</u>

8 Employee Stock Option Plan

McKinsey and Company, Inc , (the Firm") which is the parent company of McKinsey UK provides a share-based payment plan (the "Plan ") to the eligible employees of McKinsey UK Option awards are generally granted with an exercise price equal to the book value of the Firm's common stock at the date of grant Options can be exercised after the third anniversary of the grant and expire in 30 days if not exercised

The expense related to these options is reflected as a component of personnel costs in the profit and loss account The related expense is measured as the difference between the exercise price and the book value per share as of the exercise date The expense recognized in the financial statements for the year ended 31 December 2012 is £ 961,878 (2011 £ 417,599)

The total income tax benefit related to the options granted recognized in the financial statements for the year ended 31 December 2012 was £ 235,660 (2011 £ 110,635)