06331521

MIO PARTNERS (EU) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2011



MIO PARTNERS (EU) LIMITED

BOARD OF DIRECTORS

Directors

Timothy J E Church

Frank Goveia

Selina Elwell

Casey Lipscomb

Registered Office

1 Jermyn Street
London SW1Y 4UH
United Kingdom

Company No 06331521

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors submit their director's report together with the audited financial statements for the year ended 31 December 2011 for MIO Partners (EU) Limited

Principal activities

The Company provides investment advice and services to current and retired shareholders of McKinsey & Company, Inc principally within the European Union for which it does not receive any income The Company does not hold any client money or custody assets, nor does it act as a trustee for any of its clients' monies or custody assets The Company is regulated by the Financial Services Authority

Business Review, Results and Future Outlook

The Company received an interest income of £28 during the period and incurred bank charges of £424 (2010 £420) and foreign exchange currency loss of £1,174 (2010 £685) during the year Consequently the loss for the year before tax was £1,570 (2010 £1,105) The Company has net assets of £44,270 (2010 £43,252) at 31 December 2011 The directors consider that the level of activity and the year end financial position are satisfactory The Company will continue in the business of providing investment advice and services to current and retired shareholders of McKinsey & Company, Inc within the European Union

This report has been prepared in accordance with the small company's regime within Part 15 of the Companies Act 2006

Key Performance Indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that the analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Dividend

The directors do not recommend the payment of a dividend (2010 £0)

Creditors

The Company did not have any trade creditors at 31 December 2011 (2010 nil)

Principal risks and uncertainties

The risks and uncertainties faced by the Company are those inherent within the financial services industry, but primarily consist of regulatory risk – subject to the effects of changes in the laws, regulations, policies and interpretations and any accounting standards in the markets in which it operates

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis

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

Statement of disclosure of information to auditors

Each of the directors, at the date of approval of this report, confirms that

- so far as the director is aware, there is no relevant information of which the Company's auditors are unaware, and
- the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting

In accordance with the Companies Act 2006, the Company is no longer required to hold an Annual General meeting or lay the Company's report and Accounts before the shareholders

By Order of the Board

Casey Lipscomb
Director
24 April 2012

PILLAR 3 DISCLOSURES (UNAUDITED)

Regulatory Context

The Pillar 3 disclosure of MIO Partners (EU) Limited ("the Company") is set out below as required by the FSA's "Prudential Sourcebook for Banks, Building Societies and Investment Firms" (BIPRU) specifically BIPRU 11 3 3 R This follows the introduction of the Capital Requirements Directive ("CRD") which represents the European Union's application of the Basel Capital Accord The regulatory aim of the disclosures is to improve market discipline

Materiality

The Company regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions If the Company deems a certain disclosure to be immaterial, it may be omitted from this Statement

Risk management

The Company is governed by its directors who determine its business strategy and risk appetite They are also responsible for establishing and maintaining the Company's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces

The directors also determine how the risks the business face may be mitigated and assess on an ongoing basis the arrangements to manage those risks The directors meet on a regular basis and discuss regulatory capital management The directors manage the Company's risks though a framework of policies and procedures having regard to relevant laws, standards, principles and rules (including FSA principles and rules) with the aim to operate a defined and transparent risk management framework These policies and procedures are updated as required

Where the directors identify material risks they consider the financial impact of these risks as part of our business planning and capital management and conclude whether the amount of regulatory capital is adequate

Regulatory capital as at 31 December 2011

The Company is a limited company and its capital arrangements are established in its articles Its capital is summarised as follows

The main features of the Company's capital resources for regulatory purposes are as follows

Capital Item	£
Tier 1 capital (Share Capital)	42,588
Tier 1 capital (Share Premium)	4,993
Tier 1 capital (Profit and Loss Account)	(3,311)
Deductions from Tier 1 Capital	0
Total capital resources, net of deductions	44,270

The Company is small with a simple operational infrastructure It does not have any significant market or credit risk The Company is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge

As discussed above the company is a limited licence company and as such its capital requirements are the greater of

- Its base capital requirement of €50,000 (Equivalent to £41,765) as at 31 December 2011, or
- The sum of its market and credit risk requirements, or
- Its Fixed Overhead Requirement

It is the Company's experience that base capital requirement establishes its capital requirements and hence neither it's market and credit risk requirements nor its Fixed Overhead Requirement is considered to be material

Remuneration code

The Company is a Remuneration Code Proportionality Tier 4 Firm and falls under BIPRU 11 5 18 (6 & 7) Having carefully considered the implications of the code the Company is aware of these requirements but as the Company does not have any employees, pay any remuneration or take risks onto its own balance sheet, it has determined there is no need for the code's detailed provisions to be implemented

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIO PARTNERS (EU) LIMITED

We have audited the financial statements of MIO Partners (EU) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIO PARTNERS (EU) LIMITED (CONTINUED)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Paul Koziarski (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 April 2012

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Profit from continuing operations			
Turnover		-	-
Foreign exchange currency loss		(1,174)	(685)
Administrative expenses	3	(424)	(420)
Operating loss		**(1,598)**	**(1,105)**
Interest income		28	
Loss on ordinary activities before tax		**(1,570)**	**(1,105)**
Tax charge on loss on ordinary activities	4	-	-
Loss for the financial year		**(1,570)**	**(1,105)**

There are no gains or losses in the year other than those stated above

All results derive from continuing activities

BALANCE SHEET
AT 31 DECEMBER 2011

		31 December 2011 £	31 December 2010 £
CURRENT ASSETS			
Cash at bank and in hand		44,270	43,252
Net Assets		44,270	43,252
CAPITAL AND RESERVES			
Called Up Share Capital	7	42,588	40,000
Share Premium Account	7	4,993	4,993
Profit and Loss Account	7	(3,311)	(1,741)
Total shareholder's equity		44,270	43,252

The notes on pages 10 to 12 form an integral part of these financial statements

The financial statements on pages 9 to 12 were approved by the Board of Directors on 24 April 2012 and signed on its behalf by

Casey Lipscomb
Director

24 April 2012

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Description of Business

MIO Partners (EU) Limited ("the Company") is a subsidiary of MIO Group, Inc which is a wholly owned subsidiary of McKinsey & Company, Inc ("McKinsey") The Company was incorporated in England and Wales on 2 August 2007 as Glassdrill Limited On 25 January 2008, the Company changed its name to MIO Partners (EU) Limited

The Company provides investment advice and services to current and retired shareholders of McKinsey within the European Union The Company does not hold any assets of its clients, nor does it act as a trustee for any of its clients' assets The Company did not receive any income from its operations

2 Accounting policies

Accounting convention

The financial statements have been prepared on a going concern basis and under the historical cost convention and in accordance with the provisions of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI2008/410") and applicable United Kingdom accounting standards The following accounting policies have been applied consistently

Interest income

Interest income is accounted on an accruals basis

Cash flow statement

In accordance with FRS 1 'Cash Flow Statements' (Revised 1996) the Company has not prepared a cash flow statement as the ultimate holding company, McKinsey & Company, Inc has included a group cash flow statement within its publicly available accounts

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise and is un-discounted

3 Administrative expenses

Administrative expenses comprise

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Bank charges	(424)	(420)

Fees payable to the Company's auditor for the audit of the Company's financial statements were £6,500 (2010 £4,500) which are borne by the parent company

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

4 Income taxes

The Company is subject to income taxes in the United Kingdom, however, as the Company has no income it had no tax liability as of 31 December 2011

5 Directors' emoluments

No emoluments were paid to any director nor were any direct pension contributions paid in respect of services to this Company

6 Pensions

The Company has no direct employees and hence makes no contributions towards retirement benefits

7 Share Capital

	31 December 2011 £	31 December 2010 £
Authorised Shares 25,000,000 (2010 40,000) Ordinary shares, par value £1 00	25,000,000	40,000
Shares issued and fully paid 42,588 (2010 40,000)	42,588	40,000

Reconciliation of movement in shareholder's funds

	2011 Share Capital £	2011 Share Premium Account £	2011 Profit and Loss Account £	2011 Total Shareholder's Funds £	2010 Total Shareholder's Funds £
At 1 January	40,000	4,993	(1,741)	43,252	35,364
Issue of Shares	2,588	-	-	2,588	8,993
Loss for the financial year	-	-	(1,570)	(1,570)	(1,105)
At 31 December	42,588	4,993	(3,311)	44,270	43,252

8 Transactions with Related Parties

The Company has taken advantage of the exemptions under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of McKinsey & Company Inc