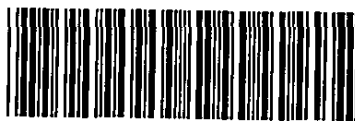


MIO PARTNERS (EU) LIMITED

**ANNUAL REPORT AND AUDITED FINANCIAL
STATEMENTS**

31 DECEMBER 2012

THURSDAY



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06/06/2013

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COMPANIES HOUSE

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

MIO PARTNERS (EU) LIMITED

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MIO PARTNERS (EU) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their director's report together with the audited financial statements for the year ended 31 December 2012 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 Conduct Authority

Business Review, Results and Future Outlook

The Company received income of £3,255,756 during the year and incurred expenses of £3,100,720 (2011 £1,598) during the year Consequently the profit for the year before taxation was £155,036 (2011 £1,570 loss) The Company has net assets of £161,322 (2011 £44,270) and liabilities of £1,760,933 (2011 £0) at 31 December 2012 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

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 (2011 nil)

Creditors

The Company did not have any trade creditors at 31 December 2012 (2011 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

MIO PARTNERS (EU) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

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, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 financial statements before the shareholders.

On Behalf of the Board



Casey Lipscomb
Director
25 April 2013

MIO PARTNERS (EU) LIMITED

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 through 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 2012

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)	113,741
Deductions from Tier 1 Capital	0
Total capital resources, net of deductions	161,322

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.

MIO PARTNERS (EU) LIMITED

PILLAR III DISCLOSURES (UNAUDITED) (continued)

Regulatory capital as at 31 December 2012 (continued)

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 £40,869) as at 31 December 2012, 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 its 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)

MIO PARTNERS (EU) LIMITED

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 2012 which the Profit and Loss Account, the 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 Directors' Responsibilities Statement 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 and Audited Financial Statements 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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

MIO PARTNERS (EU) LIMITED

- 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.



Paul Kozlarski (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2013

Profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	3,255,756	-
Administrative expenses		(3,100,720)	(1,598)
Operating profit/(loss)	3	155,036	(1,598)
Interest receivable and similar income		-	28
Profit/(loss) on ordinary activities before taxation		155,036	(1,570)
Tax on profit/(loss) on ordinary activities	5	(37,984)	-
Profit/(loss) for the financial year		117,052	(1,570)

All of the results are derived from continuing activities

The company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the years stated above and their historical cost equivalents

Registered number 06331521

**Balance sheet
as at 31 December 2012**

	Note	2012 £	2011 £
Current Assets			
Debtors	7	1,869,590	-
Cash at bank and in hand		51,735	44,270
		<u>1,921,325</u>	<u>44,270</u>
Creditors: amounts falling due within one year	8	<u>(1,760,003)</u>	-
Net current assets		<u>161,322</u>	<u>44,270</u>
Net assets		<u>161,322</u>	<u>44,270</u>
 Capital and reserves			
Called up share capital		42,588	42,588
Share premium account		4,993	4,993
Profit and loss account		113,741	(3,311)
Total shareholder's funds	10	<u>161,322</u>	<u>44,270</u>

The notes on pages 11 to 16 form part of these financial statements

The financial statements were approved by the board of directors on 25 April 2013 and were signed on its behalf by



Director

MIO PARTNERS (EU) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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. On 1 January 2012, the Company began to run payroll and expenses through its books and signed a service agreement with McKinsey and Company whereby McKinsey and Company agreed to reimburse the Company at cost plus 5% as stipulated in the agreement effective 1 January 2012.

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.

Deferred Compensation

The Company has two deferred compensation schemes. The first is a five year vesting award where one fifth of the award is accrued each year beginning in the year of the award, and paid out as it vests over the following five years. The other is a three year bullet award where one third of the award is accrued each year beginning in the year of the award, and is paid out three years later with earnings as if it had been invested in Compass Special Situations Fund.

Turnover and expenses

Turnover represents the recharge of total expenses at cost plus 5% to the parent company McKinsey & Company, Inc. Revenue is recorded on an accruals basis. Expenses are recognised as incurred on an accruals basis.

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 financial statements.

MIO PARTNERS (EU) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**3 Operating profit**

Operating profit on ordinary activities before taxation
is stated after charging

	Year ended 31 December 2012	Year ended 31 December 2011
	£	£
Auditors remuneration		
- Audit services	10,500	0

The 2011 audit fee was borne by the ultimate parent company, McKinsey & Company, Inc

4 Directors' emoluments

	Year ended 31 December 2012	Year ended 31 December 2011
	£	£
Aggregate emoluments	(1,360,542)	-
Defined contribution pension scheme contributions	-	-
	<u>(1,360,542)</u>	<u>-</u>

The number of directors who are members of
defined contribution pension scheme is

2

-

The amounts in respect of the highest paid director
are as follows

975,904

-

MIO PARTNERS (EU) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

5 Tax on profit on ordinary activities

a) Taxation

	31 December 2012 £	31 December 2011 £
Current tax		
United Kingdom corporation tax based on the results for the year as adjusted for taxation purposes at 24.5% (2011 – 26.5%)	37,984	-
Total current tax	37,984	-
Deferred tax		
Deferred tax credit for the year	-	-
Taxation charge	37,984	-

Factors affecting the tax charge for the year

The standard rate of Corporation Tax in the UK changed from 26% to 24%, effective from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24.5%.

Further reductions to UK corporation tax rate were announced in the March 2012 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 2% per annum to 21% by 1 April 2014.

b) Reconciliation of corporation tax charge for the year

	31 December 2012	31 December 2011
Profit/(loss) on ordinary activities before tax	155,036	(1,570)
Corporation tax at 2012 - 24.5%* (2011 – 26.5%)	37,984	(385)
Taxation adjustments and expenses disallowed for tax purposes		
Expenses not deductible for tax purposes	-	-
Group relief	-	385
Current tax charge for the year	37,984	-

MIO PARTNERS (EU) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

Note 5b Continued) Reconciliation of corporation tax charge for the year

* This rate is comprised of 26% from 1/1/2012 through 31/3/2012 and 24% 1/4/2012 through 31/12/2012

6 Pensions - The company operates a defined contribution scheme for the employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no unpaid contributions outstanding at the end of the year.

7 Debtors are comprised of the following

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Amount owed by Parent	1,316,455	-
Amount owed to Group undertaking	551,426	-
Amount owed as employee advance	1,709	-
	<u>1,869,590</u>	<u>-</u>

MIO PARTNERS (EU) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**8 Creditors are comprised of the following:**

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Accruals and deferred income	1,486,193	-
Other taxation and social security	225,326	-
Corporation tax	37,984	-
Auditing fees	10,500	-
	<u>1,760,003</u>	<u>-</u>

Accruals and deferred income includes amounts accrued for under deferred compensation schemes of £812,181 (2011 £Nil)

9 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

MIO PARTNERS (EU) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

10 Called up Share Capital

	31 December 2012 £	31 December 2011 £
Authorised Shares 25,000,000 (2011 25,000,000) Ordinary shares, par value £1 00	25,000,000	25,000,000
Shares issued and fully paid 42,588 (2011 42,588)	42,588	42,588

Reconciliation of movement in shareholder's funds and movement on reserves

	2012 Called up Share Capital £	2012 Share Premium Account £	2012 Profit and Loss Account £	2012 Total Shareholder's Funds £	2011 Total Shareholder's Funds £
At 1 January	42,588	4,993	(3,311)	44,270	43,252
Issue of Shares	-	-	-	-	2,588
Profit/(Loss) for the financial year	-	-	117,052	117,052	(1,570)
At 31 December	<u>42,588</u>	<u>4,993</u>	<u>113,741</u>	<u>161,322</u>	<u>44,270</u>