"Amending"

MIO PARTNERS (EU) LIMITED

Company No. 06331521

Annual Report and Audited Financial Statements

For the year ended 31 December 2016

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MIO Partners (EU) Limited
Company No. 06331521
Annual Report and Audited Financial Statements
For the year ended 31 December 2016

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GENERAL INFORMATION

Directors	Timothy J E Church (Resigned – 01 January 2017) Matthew Kelly Casey Lipscomb Selina Elwell
Registered office	1 Jermyn Street London SW1Y 4UH United Kingdom
Independent auditor	Grant Thornton Limited PO Box 313 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF
Legal advisors	Bovill 82 Blackfriars Road London SE1 8HA

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors submit their report together with the audited financial statements for the year ended 31 December 2016 for MIO Partners (EU) Limited (the "Company").

Principal activities

The Company provides investment advice and services to current and retired shareholders of McKinsey & Company, Inc. principally within the European Union and in other Non-US countries. 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 £8,270 (2015 restated: £3,177,805) during the year and incurred expenses of £65,328 (2015: £2,973,912) during the year. Consequently the loss on ordinary activities before taxation was £(57,058) (2015 restated: £203,893 profit). The Company has net assets of £520,510 (2015 restated: £577,568) and liabilities of £15,000 (2015: £2,634,211) at 31 December 2016. 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 and in other Non-US countries.

Prior year restatement

The Company did not recognise other income for the year ended 31 December 2015. In order to correct this, the prior year results of the Company have been adjusted to reflect an increase in other income. This change has resulted in an increase in other income of £7,789 for the year ended 31 December 2015 and an increase in the Retained Earnings in the Statement of Financial Position. The effect on the restatement on opening Retained Earnings in the current year is detailed in note 17.

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.

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. 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.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 continued...

Liquidity Risk

The Company's operating philosophy on capital management is that it should hold sufficient regulatory capital to meet its regulatory capital requirements and provide sufficient additional capital to meet those additional liabilities as they fall due. The Company manages its business and capital to ensure that it meets its minimum regulatory requirements.

The Company should not incur any difficulty in meeting its capital resource requirement unless funding support from McKinsey & Company, Inc. United States ("McKinsey & Company") is removed. The liquidity risk that the Company faces would be the result of McKinsey & Company removing funding support for the Company. In such an event, the activities of the Company will also cease and the Company will have sufficient capital to wind down its activities in an orderly manner.

This report was approved on the 28th of April 2017 and signed on its behalf by a director.

Director



Matthew Kelly

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors submit their report together with the audited financial statements for the year ended 31 December 2016 for the Company.

Directors

The directors who held office during the year and up to the date of the Directors' Report were:

Timothy J. E. Church (Resigned – 01 January 2017)
Selina Elwell
Matthew Kelly
Casey Lipscomb

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 Accounting Standards, including section 1A, for Small Entities of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (September 2015) ("FRS 102"). 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 GAAP 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.

Dividend

The directors do not recommend the payment of a dividend (2015: nil).

Trade Creditors

The Company did not have any trade creditors at 31 December 2016 (2015: nil).

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 Continued...

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/she ought to have taken as a director to make them self 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

A resolution to reappoint Grant Thornton as independent auditors to the Company will be proposed at the annual general meeting.

On Behalf of the Board

Matthew Kelly
April 28th 2017

Casey Lipscomb
April 28th 2017

Independent auditors' report
To the shareholder of MIO Partners (EU) Limited

Our opinion on the financial statements is unmodified with Emphasis of matter paragraph

In our opinion the financial statements:

- give a true and fair view of the state of MIO Partners (EU) Limited's (the "Company") affairs as at 31 December 2016 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland' ("FRS 102"), Section 1A Small Entities; and
- have been prepared in accordance with the requirements of The Companies Act, 2006.

Emphasis of matter
In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the Company's ability to continue as a going concern.

Effective 01 January 2016, the Company discontinued being a party to the agreement for support services between itself and McKinsey & Company, Inc. United States. The Company's employees have been moved onto the McKinsey UK payroll to limit the administrative burden caused by running the Company's payroll on a standalone basis. This condition indicates the existence of a material uncertainty which may cast doubt on the Company's ability to continue as a going concern.

We draw attention to the fact that the financial statements have been prepared on a going concern basis as the ultimate holding company of the Company will provide continued financial support to the Company in order to meet the regulatory capital requirements. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Who we are reporting to
This report is made solely to the Company's shareholder, as a body, in accordance with The Companies Act, 2006. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited
MIO Partners (EU) Limited's financial statements comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, Section 1A Smaller Entities.

Matters on which we are required to report by exception

Under The Companies Act, 2006 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.
- whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

We have nothing to report in respect of the above.

Responsibilities for the financial statements and the audit

What an audit of financial statements involves:
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

What the directors are responsible for:
As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What are we responsible for:
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.



David Clark
Senior Statutory Auditor
For and on behalf of Grant Thornton Limited
Statutory Auditor, Chartered Accountants
St Peter Port
Guernsey, Channel Islands

April 28th 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015 (Restated)
		£	£
Revenue	6	-	3,122,608
Other income		8,270	55,197
Total Income		**8,270**	**3,177,805**
Less operating expenditure			
Employee costs	7	-	(2,546,275)
Foreign exchange gains/(losses)		20,528	(8,585)
Other operating expenditure	8	(85,856)	(419,052)
Total expenses		**(65,328)**	**(2,973,912)**
(Loss)/Profit for the year before taxation	9	**(57,058)**	**203,893**
Taxation	10	-	(41,182)
(Loss)/Profit for the year		**(57,058)**	**162,711**
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		**(57,058)**	**162,711**

The notes on pages 12 to 20 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 (Restated) £
Assets			
Current assets			
Cash and cash equivalents		54,005	47,852
Trade and other receivables	11	481,505	3,163,926
		535,510	3,211,778
Total assets		535,510	3,211,778
Liabilities			
Current liabilities			
Trade and other payables amounts falling due within 1 year	12	15,000	2,634,210
		15,000	2,634,210
Net assets		**520,510**	**577,568**
Capital and reserves			
Called up share capital	13	42,588	42,588
Share premium	14	4,993	4,993
Retained Earnings	14	472,929	529,987
		520,510	**577,568**

The audited financial statements were approved and authorised for issue on 28th April 2017 by the board of directors and are signed on its behalf by:

Director



Matthew Kelly

The notes on pages 12 to 20 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Share Capital	Share Premium	Retained Earnings	Total
Balance as at 1 January 2015	42,588	4,993	367,276	**414,857**
Net profit for the year as restated	-	-	162,711	162,711
Balance as at 31 December 2015 as restated	**42,588**	**4,993**	**529,987**	**577,568**
Net loss for the year	-	-	(57,058)	(57,058)
Balance as at 31 December 2016	**42,588**	**4,993**	472,929	**520,510**

The notes on pages 12 to 20 form an integral part of these financial statements

1. Company information

MIO Partners (EU) Limited ("the Company") is a company limited by shares and incorporated in the United Kingdom on 25th January 2008. The company registration number is 06331521.

The address of the Company's registered office and principal place of business is disclosed in the General information section on page 2.

The Company provides investment advice and services to current and retired shareholders of McKinsey & Company, Inc. principally within the European Union. 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.

2. Statement of compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland, Section 1A Smaller Entities. The Company has taken advantage of not presenting cash flow set out in paragraph A.7.

3. Basis of preparation

The financial statements have been prepared on the historical cost basis and in accordance with applicable United Kingdom Accounting Standards, including section 1A for Smaller Entities of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (September 2015) ("FRS 102"), and with the Companies Act 2006.

As permitted under FRS 102, the Company has elected to prepare its financial statements under the provisions of Section 1A 'Small entities'.

The financial statements are presented in Sterling (£) which is the functional and presentation currency.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

4. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that may not be readily apparent from other sources. Actual results may differ from these estimates.

5. Principal accounting policies

5.1 Impairment of assets

At each reporting date, current assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of Comprehensive Income through profit or loss.

5.2 Financial Instruments

i) Financial assets
Basic financial assets, including other receivables, are initially recognised at fair value of the purchase price plus directly related incremental transaction costs.

Such assets are subsequently carried at amortised cost using the effective interest method and less any impairment.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value. The impairment loss is recognised in other gains and losses in the Statement of Comprehensive Income.

ii) Financial Liabilities
Basic financial liabilities, including trade and other payables are initially recognised at transaction price. Such liabilities are subsequently carried at amortised cost using the effective interest method.

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as Trade and other payables: amounts falling due within one year if payment is due within one year or less. If not, they are presented as other payables: amounts falling due after more than one year.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii) Offsetting
Financial assets and a financial liabilities due from and to related parties are offset and the net amount presented in the Statement of Financial Position when, and only when the Company:
a) currently has a legally enforceable right to set off the recognised amounts; and
b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.3 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

5.4 Provisions for liabilities
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

5.5 Taxation
Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

5.6 Revenue recognition
The revenue being recognised for reimbursement services are for the Cardif plan and for Credit Suisse Life & Pension.

Revenue is no longer represented by a cost plus 5%, exclusive of VAT arising from continuous activity in the United Kingdom charging to McKinsey & Company, Inc. United States (McKinsey & Company) which is a related entity domiciled in the United States of America. A notice of discontinuation for support services between McKinsey & Company and MIO Partners (EU) Limited was agreed to and signed by both McKinsey & Company and MIO Partners (EU) Limited on October 1st, 2015.

5.7 Employee benefits
Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

5.8 Foreign currency transactions and balances
In preparing the financial statements of the individual entity, transactions in currencies other than the functional currency of the individual entity (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Statement of Comprehensive Income through profit or loss in the period in which they arise.

5.9 Expenses

Expenses incurred have been recognised on an accrual basis.

5.10 Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Revenue

Revenue, analysed geographically between markets, was as follows:

	2016	2015
	£	£
Europe	-	3,122,608
	-	**3,122,608**

Revenue, analysed by category, was as follows:

	2015	2015
	£	£
Rendering of services	-	3,122,608
	-	**3,122,608**

7. Directors and employees

Staff costs during the year were as follows:

	2016	2015
	£	£
Wages and salaries	-	657,939
Bonuses	-	1,453,422
Social security costs	-	279,712
Other pension costs	-	44,361
Other employee costs	-	110,841
	-	**2,546,275**

Note: Revenue is no longer represented by a cost plus 5%, exclusive of VAT arising from continuous activity in the United Kingdom charging to McKinsey & Company, Inc. United States

The average number of employees of the company during the year was: Nil

Remuneration in respect of directors was as follows:

	2016	2015
	£	£
Emoluments	-	1,658,784
Pension contributions to money purchase pension schemes	-	-
	-	**1,658,784**

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2016	2015
	£	£
Emoluments	-	1,260,503
Pension contributions to money purchase pension schemes	-	-
	-	1,260,503

8. Other operating expenditure was as follows

	2016	2015
	£	£
Occupancy and rental expenses	-	163,141
Travel expenses	-	150,378
Consulting fees	51,246	42,260
Legal fees	13,604	-
Audit fees	18,658	20,000
Telephone expenses	-	11,148
Foreign currency (Gain)/Loss	(20,528)	8,585
Other expenses	2,348	32,125
	65,328	427,637

9. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2016	2015
	£	£
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the Company's annual accounts	15,000	23,658
Foreign exchange (gains)/losses	(20,528)	8,585
Other operating lease rentals	-	41,054

10. Tax on profit on ordinary activities

The tax (recovery)/charge is based on the profit for the year and represents:

	2016	2015
	£	£
UK Corporation Tax	-	41,182
Adjustments in respect of previous periods	-	-
Overseas taxation	-	-
Total current tax	-	41,182
Deferred taxation: origination and reversal of timing differences	-	-
Deferred taxation: changes in tax rates	-	-
Tax on results on ordinary activities	-	41,182

11. Trade and other receivables

	2016	2015 (Restated)
	£	£
Amounts owed by associated undertakings	473,235	3,151,762
Amounts owed by others	8,270	7,789
Other receivables: cash advances	-	4,375
	481,505	**3,163,926**

The amounts owed by associated undertakings are presented on a net basis.

12. Creditors: amounts falling due within one year

	2016	2015
	£	£
Bonuses payable	-	2,253,024
Taxation and social security	-	339,674
Corporation tax	-	21,513
Accruals	15,000	20,000
	15,000	**2,634,211**

13. Called up share capital

	2016	2015
	£	£
Authorised, allotted and fully paid:		
Authorised shares: 25,000,000 (2015: 25,000,000) Ordinary shares of £1 each	25,000,000	25,000,000
Shares issued and fully paid: 42,588 (2015: 42,588)	42,588	42,588

Ordinary Shares	2016 Number	2015 Number
At the beginning of the year	42,588	42,588
At the end of the year	**42,588**	**42,588**

Rights and Obligations
There are no restrictions attached to the issued shares and each issued share is entitled to a vote.

Dividends
No dividends were declared or paid in the current and prior year.

14. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statement of Comprehensive Income – includes all current and prior period retained profits and losses.

15. Transactions with related parties

Ultimate and Immediate holding companies
The ultimate holding company is McKinsey & Company, Inc. and the immediate holding company is MIO Partners Inc.

Both companies were incorporated in the United States of America.

	2016	2015
	£	£
Revenue from McKinsey & Company, Inc. United States	-	3,122,608
Trade debtor amounts due from McKinsey & Company, Inc. United States	352,816	3,047,929
Trade debtor amounts due from MIO Partners Inc.	120,419	103,833
Key management personnel compensation: Timothy J E Church	-	1,135,056
Key management personnel compensation: Selina Elwell	-	442,200
Bonuses payable to key management personnel	-	1,148,937

The Company is part of McKinsey & Company for which consolidated financial statements are publicly available.

16. Subsequent events

Other than the resignation of Timothy Church as director of the Company effective 1 January 2017, there were no significant events after the date of the Statement of Financial Position.

17. Prior year adjustment

The Company did not recognise other income for the year ended 31 December 2015. In order to correct this, the prior year results of the Company have been adjusted to reflect an increase in other income. This change has resulted in an increase in other income of £7,789 for the year ended 31 December 2015 and an increase in the Retained Earnings in the Statement of Financial Position. The effect of the restatement on opening Retained Earnings in the current year is as follows:

	£
Company's Retained Earnings at 31 December 2015 (as previously reported)	522,198
Unrecorded other income	7,789
Company's Retained Earnings at 31 December 2015 (as restated)	529,987