MIO PARTNERS (EU) LIMITED

Company No. 06331521

Annual Report and Audited Financial Statements

For the year ended 31 December 2017

WEDNESDAY

A78188D5

A24 13/06/2018 #12

COMPANIES HOUSE

MIO Partners (EU) Limited
Company No. 06331521
Annual Report and Audited Financial Statements
For the year ended 31 December 2017

CONTENTS

General Information	2
Strategic Report	3 - 4
Directors' Report	5 - 6
Independent Auditors' Report	7 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 18

MIO Partners (EU) Limited
Company No. 06331521
Annual Report and Audited Financial Statements
For the year ended 31 December 2017

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 2017

The directors submit their report together with the audited financial statements for the year ended 31 December 2017 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 £148,892 (2016: £134,827 as restated) during the year and incurred expenses of £78,016 (2016: £65,328) during the year. Consequently, the profit on ordinary activities before taxation was £70,876 (2016: £69,499 as restated). The Company has net assets of £690,920 (2016: £633,688 as restated) and liabilities of £42,022 (2016: £28,379 as restated) at 31 December 2017. 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.

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 2017 (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 27 April 2018 and signed on its behalf by a director.

Director



Matthew Kelly

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors submit their report together with the audited financial statements for the year ended 31 December 2017 for 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. 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.

Directors

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

Matthew Kelly
Casey Lipscomb
Selina Elwell

Timothy J E Church resigned on 01 January 2017.

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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Section 1A Small Entities ("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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Results and dividend

The results for the year are set out in the Statement of Comprehensive Income on page 10. The directors do not recommend the payment of a dividend (2016: nil).

Trade creditors

The Company did not have any trade creditors at 31 December 2017 (2016: nil).

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 themselves 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 Limited as independent auditors to the Company will be proposed at the annual general meeting.

On Behalf of the Board

Matthew C. Kelly

Matthew Kelly
27 April 2018

Casey Lipscomb
27 April 2018

Independent Auditor's Report
To the shareholder of MIO Partners (EU) Limited

Opinion

We have audited the financial statements of MIO Partners (EU) Limited (the "Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102; "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Section 1A Small Entities (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

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 are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Company's shareholder, 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 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report set out on pages 3 to 6, 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by The Companies Act 2006

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.

Matter on which we are required to report under The Companies Act 2006

In the light of the knowledge and understanding of the 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.

Matters on which we are required to report by exception

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, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

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, 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



David Clark
Senior Statutory Auditor
For and on behalf of Grant Thornton Limited
Statutory Auditor, Chartered Accountants
PO Box 313, Lefebvre House, Lefebvre Street, St Peter Port, Guernsey, GY1 3TF

21 **May 2018**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016 Restated
		£	£
Other income	6	148,892	134,827
Total Income		**148,892**	**134,827**
Less operating expenditure			
Foreign exchange gains		4,555	20,528
Other operating expenditure	7	(82,571)	(85,856)
Total expenses		**(78,016)**	**(65,328)**
Profit for the year before taxation		**70,876**	**69,499**
Taxation	9	(13,644)	(13,379)
Profit for the year		**57,232**	**56,120**
Other comprehensive income		-	-
Total comprehensive income for the year		**57,232**	**56,120**

The notes on pages 13 to 18 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017	2016 Restated
		£	£
Assets			
Current assets			
Cash and cash equivalents		306,714	54,005
Trade and other receivables	**10**	426,228	608,062
Total assets		732,942	662,067
Liabilities			
Current liabilities			
Creditors amounts falling due within 1 year	**11**	42,022	28,379
Total liabilities		42,022	28,379
Net assets		**690,920**	**633,688**
Capital and reserves			
Called up share capital	**12**	42,588	42,588
Share premium	**13**	4,993	4,993
Retained Earnings	**13**	643,339	586,107
		690,920	**633,688**

The audited financial statements were approved and authorised for issue on 27 April 2018 by the board of directors and are signed on its behalf by:

Matthew C. Kelly

Director

Matthew Kelly

The notes on pages 13 to 18 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share Capital	Share Premium	Retained Earnings	Total
	£	£	£	£
Balance as at 1 January 2016	42,588	4,993	529,987	577,568
Net profit for the year as restated	-	-	56,120	56,120
Balance as at 31 December 2016 as restated	**42,588**	**4,993**	**586,107**	**633,688**
Net profit for the year	-	-	57,232	57,232
Balance as at 31 December 2017	**42,588**	**4,993**	**643,339**	**690,920**

The notes on pages 13 to 18 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Section 1A Small 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Section 1A Small Entities ("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
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 were moved onto the McKinsey UK payroll to limit the administrative burden caused by running the Company's payroll on a standalone basis. McKinsey & Company, Inc. is the ultimate parent company and owns all shares of, the Company and they confirm that it is their intention to provide credit to MIO EU for 12 months effective April 4, 2018. 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

The preparation of the financial statements requires management to make significant judgements and estimates. The estimates and assumptions are based on historical experience and various other factors from prior years that have been deemed reasonable. The results form the basis of making sound judgements about carrying values of assets and liabilities from other sources. No significant judgements or estimates were made by management during the current or prior year.

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.

5. Principal accounting policies (continued)

5.2 Financial Instruments (continued)

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 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.

5.4 Taxation

Current tax is recognised for the amount of corporation 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).

5.5 Revenue recognition

The revenue being recognised is for reimbursement services are for the Cardif plan and for Credit Suisse Life & Pension on an accrual basis.

5.6 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.

5.7 Expenses

Expenses incurred have been recognised on an accrual basis.

5. Principal accounting policies (continued)

5.8 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. Other income

	2017	2016 Restated
	£	£
Reimbursement of services for the Cardif plan	47,295	36,125
Reimbursement of services for the Credit Suisse Life & Pension	101,597	98,702
	148,892	**134,827**

7. Other operating expenditure

	2017	2016
	£	£
Consulting fees	56,379	51,246
Legal fees	11,059	13,604
Audit fees	15,000	18,658
Other expenses	133	2,348
	82,571	**85,856**

8. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2017	2016
	£	£
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the Company's annual accounts	15,000	15,000
Foreign exchange (gains)	(4,555)	(20,528)

9. Tax on profit on ordinary activities

The tax charge refers to the UK Corporation tax and represents:

	2017	2016 Restated
	£	£
UK Corporation Tax	13,644	13,379
Total current tax	**13,644**	**13,379**
Tax on results on ordinary activities	**13,644**	**13,379**

10. Trade and other receivables

	2017	2016 Restated
	£	£
Amounts owed by associated undertakings	320,173	473,235
Amounts owed by others	106,055	134,827
	426,228	**608,062**

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

11. Creditors: amounts falling due within one year

	2017	2016 Restated
	£	£
Corporation tax	27,022	13,379
Accruals	15,000	15,000
	42,022	**28,379**

12. Called up share capital

	2017	2016
	£	£
Authorised, allotted and fully paid:		
Authorised shares: 25,000,000 Ordinary shares of £1 each	25,000,000	25,000,000
Shares issued and fully paid: 42,588	42,588	42,588

Ordinary Shares	2017 Number	2016 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.

13. 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.

14. 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.

	2017	2016 Restated
	£	£
Trade debtor amounts due from McKinsey & Company, Inc. United States	320,173	473,235
Trade debtor amounts due from MIO Partners Inc.	106,055	134,827

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

15. Prior year adjustments

The Company did not recognise all of the other income for the year ended 31 December 2016. 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 £126,557 for the year ended 31 December 2016, an increase in the tax expense of £13,379 for the year ended 31 December 2016 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 as at 31 December 2016 (as previously reported)	472,929
Unrecorded other income	126,557
Unrecorded tax expense	(13,379)
Company's Retained Earnings as at 31 December 2016 (as restated)	586,107

16. Subsequent events

There were no significant events after the date of the Statement of Financial Position.