

Registered number: 07630562

QUANTUMBLACK VISUAL ANALYTICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



QUANTUMBLACK VISUAL ANALYTICS LIMITED

COMPANY INFORMATION

Directors	J D F Palmer K N P Henke J Bojko
Registered number	07630562
Registered office	3rd Floor Kinnaird House Pall Mall East London SW1Y 5AU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

QUANTUMBLACK VISUAL ANALYTICS LIMITED

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QUANTUMBLACK VISUAL ANALYTICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Results

The loss for the year ended 31 December 2018, after taxation, amounted to GBP 6,334,180 (Previous year 2017 amounted to loss of GBP 7,969,730)

The focus of 2018 has been continuing the investment in talent to build a best in class pool of Data Science, Engineering and Design colleagues to serve our clients to solve some of their highest value problems.

Business review

QuantumBlack is an advanced analytics firm operating at the intersection of strategy, technology and design to improve performance outcomes for organizations.

In 2015, QuantumBlack became part of McKinsey & Company. Together QuantumBlack combines its advanced analytics, design and engineering expertise with McKinsey's industry knowledge and organizational change management experience.

When QuantumBlack combines its skills and approach with McKinsey & Company's knowledge and expertise, QuantumBlack equips clients with an incomparable level of competitiveness.

This partnership with McKinsey has seen QuantumBlack consolidate its position as a market leading advanced analytics firm and it is targeting growth in nascent markets.

Principal risks and uncertainties

The performance of the Company depends upon the financial health and strength of its customers, which in turn is dependent on the economic conditions of the industries and geographic region in which they operate.

The failure to attract and retain key employees could seriously impede the Company's objectives. The successful management and operations of the Company are reliant upon the contributions of its senior management and other key personnel. In addition, the Company's future success depends in part on its ability to continue to recruit, motivate and retain highly experienced and qualified employees in what is currently a 'white hot' talent market.

Financials Risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk and cash flow risk. The Company does not use derivative financial instruments.

Credit Risk

The Company's principal financial assets are trade, intercompany and other receivables. The Company's credit risk is primarily attributable to these receivables. The amount presented in the balance sheet is net of allowance (if required at any place).

QUANTUMBLACK VISUAL ANALYTICS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Key performance indicators

Financial governance is a key priority for the QuantumBlack board.

The board utilise a set of monthly management accounts to appraise the financial health of the business, supplemented with financial commentary via email.

The key performance indicators for the business are financial performance vs plan, deep dive into client revenues, utilisation of client delivery employees and operating expenses spend vs plan for product development.

In addition, a financial deep dive is performed at each QuantumBlack board meeting into strategic areas of focus, to ensure the business is both performing against it's stewardship responsibilities and to ensure resources are aligned to strategy.

This report was approved by the board on 30 September 2019 and signed on its behalf.


K N P Henke
Director

QUANTUMBLACK VISUAL ANALYTICS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company during the period was that of information technology consultancy activities.

Results and dividends

The loss for the year, after taxation, amounted to £6,334,180 (2017 - loss £7,969,730) on turnover of £27,498,250 (2017: £17,160,501).

Directors

The directors who served during the year were:

S Bourton (resigned 24 May 2019)
Y F T Boussemart (resigned 20 March 2019)
J Corbo (resigned 24 May 2019)
S G Williams (resigned 24 May 2019)
J D F Palmer
R A Sternfels (resigned 20 March 2019)
K N P Henke
K Speicher (resigned 20 March 2019)
W J Wiseman (resigned 19 April 2019)
B W Nocco (resigned 19 March 2019)
S G Smit (resigned 27 March 2019)
C M Wigley (resigned 27 March 2019)

Going concern

The financial statements have been prepared on a going concern basis as the directors believe that the recent investment in the business should enable the company to grow its revenues, continue its operations for the foreseeable future and achieve profitability. The company has achieved targets each month within the current business, while financing investment in the growth of its new services. The company is supported by its ultimate parent company McKinsey & Company Inc, who have confirmed that, if required, they will provide financial support that will enable the company to pay its debts as they fall due for a period of at least 12 months from the date of signing.

QUANTUMBLACK VISUAL ANALYTICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 and 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 judgments 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 to 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.

Going concern

The financial statements have been prepared on a going concern basis as the recent investment in the business should enable the company to grow its revenues, continue its operations for the foreseeable future and achieve profitability. The company has achieved targets each month within the current business, while financing investment in the growth of its new services. The company is supported by its ultimate parent company McKinsey & Company Inc, who, if required will enable the company to pay its debts as they fall due.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the period end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

QUANTUMBLACK VISUAL ANALYTICS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

This report was approved by the board on 30 September 2019 and signed on its behalf.



K N P Henke
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUMBLACK VISUAL ANALYTICS LIMITED

Opinion

We have audited the financial statements of Quantumblack Visual Analytics Limited (the 'Company') for the year ended 31 December 2018, 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' (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 2018 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.

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.

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 Annual Report, 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUMBLACK VISUAL ANALYTICS LIMITED (CONTINUED)

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUMBLACK VISUAL ANALYTICS LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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, 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.

Use of our report

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



Peter Gamson
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 30 September 2018

QUANTUMBLACK VISUAL ANALYTICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	27,498,250	17,160,501
Cost of sales		(18,313,055)	(15,300,437)
Gross profit		9,185,195	1,860,064
Administrative expenses		(15,574,024)	(11,110,620)
Operating loss	5	(6,388,829)	(9,250,556)
Tax on loss	8	54,649	1,280,826
Loss for the financial year		(6,334,180)	(7,969,730)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 12 to 22 form part of these financial statements.

QUANTUMBLACK VISUAL ANALYTICS LIMITED
REGISTERED NUMBER:07630562

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	528,456	843,452
		<u>528,456</u>	<u>843,452</u>
Current assets			
Debtors: amounts falling due within one year	11	1,425,597	146,341
Cash at bank and in hand	12	1,755,671	1,542,205
		<u>3,181,268</u>	<u>1,688,546</u>
Creditors: amounts falling due within one year	13	(27,076,673)	(19,564,767)
Net current liabilities		<u>(23,895,405)</u>	<u>(17,876,221)</u>
Total assets less current liabilities		<u>(23,366,949)</u>	<u>(17,032,769)</u>
Net liabilities		<u>(23,366,949)</u>	<u>(17,032,769)</u>
Capital and reserves			
Called up share capital	16	5	5
Share premium account	17	1,629,300	1,629,300
Profit and loss account	17	(24,996,254)	(18,662,074)
Shareholders' funds		<u>(23,366,949)</u>	<u>(17,032,769)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


K N P Henke
 Director
 Date: 30 September 2019

The notes on pages 12 to 22 form part of these financial statements.

QUANTUMBLACK VISUAL ANALYTICS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	5	1,629,300	(18,662,074)	(17,032,769)
Comprehensive income for the year				
Loss for the year	-	-	(6,334,180)	(6,334,180)
Total comprehensive income for the year	-	-	(6,334,180)	(6,334,180)
At 31 December 2018	5	1,629,300	(24,996,254)	(23,366,949)

Statement of Changes in Equity
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	5	1,629,300	(10,692,344)	(9,063,039)
Comprehensive income for the year				
Loss for the year	-	-	(7,969,730)	(7,969,730)
Total comprehensive income for the year	-	-	(7,969,730)	(7,969,730)
At 31 December 2017	5	1,629,300	(18,662,074)	(17,032,769)

The notes on pages 12 to 22 form part of these financial statements.

QUANTUMBLACK VISUAL ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Quantumblack Visual Analytics Limited is a private company, limited by shares and is incorporated in England. The registered office is 3rd Floor, Kinnaird House, Pall Mall East, London, SW1Y 5AU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Turnover

Internal revenue

Revenue earned on account of software development and consultancy services supplied to other McKinsey entities during the year. Revenue earned from consultants loaned to other McKinsey entities recognised upon rendering of services.

External revenue

Revenue earned from earned on account of software development and consulting services supplied to customers during the year. Revenue is recognised when the services are rendered in accordance with the terms of the agreement with the respective customers.

All revenue is recorded net of value added tax.

QUANTUMBLACK VISUAL ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.3 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful lives.

Software development costs	5 years
Goodwill	5 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in the income statement in the periods expected to be benefitted.

2.4 Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

Depreciation is provided on the following basis:

Leasehold property	- Over term of the lease
Fixtures and fittings	- 25% straight line
Equipment	- 25% straight line

2.5 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on straight line basis over the period of the lease.

2.6 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

QUANTUMBLACK VISUAL ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.7 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.8 Going concern

The financial statements have been prepared on a going concern basis as the directors believe that the recent investment in the business should enable the company to grow its revenues, continue its operations for the foreseeable future and achieve profitability. The company has achieved targets each month within the current business, while financing investment in the growth of its new services. The company is supported by its ultimate parent company McKinsey & Company Inc, who have confirmed that, if required, they will provide financial support that will enable the company to pay its debts as they fall due for a period of at least 12 months from the date of signing.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the

QUANTUMBLACK VISUAL ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Financial instruments (continued)

contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due.

2.14 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Going concern – The financial statements have been prepared on a going concern basis as the directors believe that the recent investment in the business should enable the company to grow its revenues, continue its operations for the foreseeable future and achieve profitability. The company has achieved targets each month within the current business, while financing investment in the growth of its new services. The company is supported by its ultimate parent company McKinsey & Company Inc, who have confirmed that, if required, they will provide financial support that will enable the company to pay its debts as they fall due for a period of at least 12 months from the date of signing.

QUANTUMBLACK VISUAL ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Turnover

	2018 £	2017 £
Turnover arising in the United Kingdom	7,604,428	1,698,101
Turnover arising outside of the United Kingdom	19,893,822	15,462,400
	27,498,250	17,160,501

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	369,001	1,088,639
Depreciation of assets held under hire purchase agreements	-	2,661
Net (gain)/loss on foreign currency translation	(21,043)	29,838
Fees payable to the Company's auditors and its associates for other services to the group:		
Audit	26,500	22,175
Non-audit services payable to the auditor	1,000	1,000
	26,500	23,175

6. Employees

	2018 £	2017 £
Wages and salaries	18,880,941	15,093,311
Social security costs	2,267,384	1,608,382
Cost of defined contribution scheme	1,201,132	1,029,058
	22,349,457	17,730,751

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
	144	122

QUANTUMBLACK VISUAL ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	<u>3,888,532</u>	<u>2,013,541</u>

The highest paid director received remuneration of £1,696,919 (2017 - £634,802).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £241,407 (2017 - £90,564).

8. Taxation

	2018 £	2017 £
Corporation tax		
Current year	-	-
Prior year	(54,649)	(1,280,826)
Total current tax	<u>(54,649)</u>	<u>(1,280,826)</u>

QUANTUMBLACK VISUAL ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%) as set out below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(6,388,829)</u>	<u>(9,250,556)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(1,213,878)	(1,780,732)
Effects of:		
Expenses not deductible for tax purposes	965,271	191,108
Provisions	248,607	289,001
Adjustments to tax charge in respect of prior periods	6,469	(1,280,826)
Unrelieved tax losses carried forward	-	1,300,623
Group relief	(61,118)	-
Total tax charge for the year	<u><u>(54,649)</u></u>	<u><u>(1,280,826)</u></u>

Factors that may affect future tax charges

The company has trading losses carried forward of GBP 2,218,152 (2017: GBP 3,390,924) for relief against future trading profits. No deferred tax asset has been created as it is not considered more likely than not that this will be reverse in the foreseeable future.

QUANTUMBLACK VISUAL ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Intangible assets

	Goodwill £
Cost	
At 1 January 2018	1,060,000
At 31 December 2018	<u>1,060,000</u>
Amortisation	
At 1 January 2018	1,060,000
At 31 December 2018	<u>1,060,000</u>
Net book value	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>

The Goodwill relates to the "Nerve" development which was purchased in a trade and assets transaction on 11 December 2015.

QUANTUMBLACK VISUAL ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost or valuation				
At 1 January 2018	1,224,956	549,348	561,270	2,335,574
Additions	-	-	54,570	54,570
Disposals	-	-	(565)	(565)
At 31 December 2018	<u>1,224,956</u>	<u>549,348</u>	<u>615,275</u>	<u>2,389,579</u>
Depreciation				
At 1 January 2018	946,618	274,878	270,626	1,492,122
Charge for the year on owned assets	138,172	105,996	124,833	369,001
At 31 December 2018	<u>1,084,790</u>	<u>380,874</u>	<u>395,459</u>	<u>1,861,123</u>
Net book value				
At 31 December 2018	<u>140,166</u>	<u>168,474</u>	<u>219,816</u>	<u>528,456</u>
At 31 December 2017	<u>278,338</u>	<u>274,470</u>	<u>290,644</u>	<u>843,452</u>

Assets under hire purchase agreements amount to a net book value of £Nil (2017: £Nil).

11. Debtors and other receivables

	2018 £	2017 £
Trade debtors	408,000	48,000
WIP	985,000	-
Other debtors	31,001	4,232
VAT recoverable	-	48,349
Prepayments	1,596	45,760
	<u>1,425,597</u>	<u>146,341</u>

Trade debtors include a provision of Nil (2017: Nil).

QUANTUMBLACK VISUAL ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,755,671	1,542,205

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	280,981	138,618
Amounts owed to group undertakings	22,641,084	16,331,184
Other taxation	8,122	-
Other creditors	393,307	599,832
Accruals	3,753,179	2,495,133
	<u>27,076,673</u>	<u>19,564,767</u>

14. Related party transactions

At the reporting date, the Company owes McKinsey & Company, Inc £22,641,084 (2017: £16,331,184). The balance is interest free and repayable on demand. Note that the company is supported by its ultimate parent company McKinsey & Company Inc, who have confirmed that, if required, they will provide financial support that will enable the company to pay its debts as they fall due for a period of at least 12 months from the date of signing.

15. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are measured at amortised cost	<u>1,424,001</u>	<u>100,581</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(23,315,373)</u>	<u>(17,069,634)</u>

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16. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
506,008 (2017 - 506,008) Ordinary shares of £0.00001 each	<u>5</u>	<u>5</u>

17. Reserves

Profit and loss account

Includes all current and prior period profit and losses.

Share premium account

Includes all excess amounts paid over nominal value of share capital.

18. Ultimate controlling party

Since 11 December 2015 the Company's immediate parent is McKinsey & Company, Holdings Limited and the company's ultimate controlling entity has been McKinsey & Company, Inc., a Company incorporated in the United States of America.