

FC-12665.

MCKINSEY & COMPANY, INC. UNITED KINGDOM (LONDON BRANCH)

CORPORATION TAX COMPUTATIONS

BASED ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1995

CITIBANK
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YEAR ENDED 31 DECEMBER 1995

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YEAR ENDED 31 DECEMBER 1995ADJUSTMENT OF PROFIT AND TAX PAYABLE

ADJUSTMENT OF PROFIT:

		Computation	Per CT 200
Profit before tax	'D'	£ 2,101,254	
Adjustments for profit and loss items:			
Practice development & recruiting	'D6'	138,285	
Office operating expenses	'D5'	20,619	
Legal & professional fees	'D7'	453,430	
Memberships and contributions	'D8'	21,624	
Interest on deep discount securities	'D3'	397,243	
Accrual for payroll taxes - non deductible	'C5'	144,000	
Adjustments for balance sheet items:			
Depreciation	'C1''C2'	3,156,050	
Profit on sale of fixed assets	'C1''C2'	(207,646)	
Revenue items capitalised	'C1''C3'	(41,350)	
Interest income	'C4''D5'	(82,367)	
Adjusted trading profit before capital allowances		£ 6,101,142	
Capital allowances:			
Plant - Pool items	'B'	(2,642,480)	
Cars - CAA 1990 s41 pool	'B'	(3,607)	
Expensive cars - Writing-down allowances	'B2'	(277,438)	
Expensive cars -			
Balancing (allowances)/charges	'B2'	(82,407)	
Short life assets - Writing-down allowances	'B3'	(84,858)	
Schedule D Case I profit/(loss)		£ 3,010,352	£ 3,010,352
Schedule D Case III Income:			82,367
Interest income - received	'C4'	82,367	
Total profits		£ 3,092,719	£ 3,092,719
Charges on income:			(350,000)
Deep discount premium	'C6'	(350,000)	
Profits chargeable to corporation tax		£ 2,742,719	£ 2,742,719

TAX PAYABLE :

Financial year 1994, at 33% on £ 676,287	£ 223,174.71
Financial year 1995, at 33% on £ 2,066,432	681,922.56
Corporation tax due	£ 905,097.27
Corporation tax already paid (and not repaid): 27 September 1996	(1,229,791.00)
Tax overpaid	£ (324,693.73)

YEAR ENDED 31 DECEMBER 1995CAPITAL ALLOWANCES - PLANT/CAR POOL

		Plant - Pool items		Cars - CAA 90 s41 Pool
Tax written down value, beginning of period		£ 7,490,398		£ 17,075
Additions qualifying for WDA	'C' 'C3'	3,058,901	'C'	10,101
Capital assets expensed	'D5' 'D9'	20,619		
Disposal proceeds		-	'C1'	(12,750)
		£ 10,569,918		£ 14,426
Writing down allowance	'A'	(2,642,480)	'A'	(3,607)
Tax written down value, end of period		£ 7,927,438		£ 10,819

YEAR ENDED 31 DECEMBER 1995

CAPITAL ALLOWANCES - EXPENSIVE CARS

Registration number	Original cost	Cost limit for restriction	TWDV b/f	Additions	(Proceeds)	Balancing (allowances) /charges	Writing-down allowances	TWDV c/f
D180 XPA	£ 11,858	£ 8,000	£ 1,220		£ -	£ (1,220)	£ -	£ 1,212
E261 WKP	10,812	8,000	1,616		-	(7,591)	(404)	-
F997 LPK	21,591	8,000	7,591		-	-	(281)	841
E614 UKN	8,305	8,000	1,122		-	-	-	-
F173 WEF	11,806	8,000	2,469		(1,570)	(899)	(505)	1,513
G129 CUY	10,379	8,000	2,018		-	-	(2,000)	13,806
G245 GOH	25,806	8,000	15,806		-	-	(2,000)	13,006
G893 CKV	25,006	8,000	15,006		(2,420)	(1,076)	-	-
G828 WNF	12,215	8,000	3,496		-	-	(2,000)	19,159
G880 FEF	31,159	8,000	21,159		-	-	(1,714)	5,141
H790 ABU	16,855	8,000	6,855		(5,800)	1,447	-	-
H523 FPM	13,739	8,000	4,353		-	-	(1,438)	4,314
F438 RTW	15,670	8,000	5,752		-	-	(972)	2,914
H281 RAB	12,908	8,000	3,886		-	-	(2,000)	13,354
H921 XYX	25,354	8,000	15,354		-	-	(1,821)	5,464
G183 OGC	17,285	8,000	7,285		-	-	(2,000)	9,793
H652 CNX	19,793	8,000	11,793		-	-	(2,000)	7,700
H342 MEF	17,700	8,000	9,700		-	-	(2,000)	15,312
H973 XYX	25,312	8,000	17,312		-	-	(2,000)	6,137
H577 YYK	16,137	8,000	8,137		(9,910)	(2,771)	-	-
H830 NHN	20,681	8,000	12,681		-	-	(1,472)	4,414
H843 NUK	13,848	8,000	5,886		(7,300)	(1,343)	-	-
H916 YYN	16,643	8,000	8,643		(5,750)	(3,903)	-	-
H35 YUV	17,653	8,000	9,653		-	-	(2,000)	16,978
H905 YYT	26,278	8,000	18,978		(4,515)	(2,845)	-	-
H536 HDX	15,360	8,000	7,360		-	-	(1,706)	5,119
J668 MBW	14,825	8,000	6,825		-	-	(1,516)	4,547
J552 NVU	14,063	8,000	6,063		(8,691)	1,517	-	-
J824 CUU	15,174	8,000	7,174		-	-	(1,553)	4,658
J870 YWF	14,211	8,000	6,211		-	(1,423)	-	-
G991 WTF	4,500	8,000	1,423		-	-	(2,000)	9,939
J987 SDC	19,939	8,000	11,939		(6,509)	733	-	-
J257 GHD	13,701	8,000	5,776		(9,028)	(1,399)	-	-
J582 OUR	18,427	8,000	10,427		-	-	(1,846)	5,539
J604 OUR	15,385	8,000	7,385		-	-	(2,000)	18,675
J268 LJK	26,675	8,000	20,675		(7,750)	(2,551)	-	-
J112 PPG	16,301	8,000	10,301		(5,100)	(2,881)	-	-
J547 LPV	13,981	8,000	7,981		-	-	(2,000)	11,239
J947 LLT	19,239	8,000	13,239		-	-	(2,000)	12,888
J914 MLD	20,888	8,000	14,888		-	-	(2,000)	12,500
G657 XNL	20,500	8,000	14,500		(9,620)	(825)	-	-
J792 OHA	16,445	8,000	10,445		(9,500)	(2,759)	-	-
J746 CYY	18,259	8,000	12,259		-	-	(2,000)	9,948
J511 PRD	17,948	8,000	11,948		-	-	(2,000)	8,251
J436 MLN	16,251	8,000	10,251		-	-	(2,474)	7,423
J245 MLX	18,897	12,000	9,897		-	-	(2,492)	7,476
J751 RNK	18,968	12,000	9,968		(9,500)	1,727	-	-
J268 MLX	16,364	12,000	7,773		-	-	(1,959)	5,878
J263 MLX	16,450	12,000	7,837		(5,760)	(355)	-	-
J601 RVM	13,871	12,000	6,115		-	-	(2,067)	6,201
J420 DYK	17,024	12,000	8,268		-	-	(3,000)	23,993
J423 FGK	35,993	12,000	26,993		-	-	(3,000)	16,739
J889 NLE	28,739	12,000	19,739		(10,028)	(1,978)	-	-
J847 VHN	21,006	12,000	12,006		-	-	(1,993)	5,979
J714 DYM	16,630	12,000	7,972		(10,200)	1,996	-	-
J630 WDC	16,939	12,000	8,204		(9,310)	977	-	-
J188 DHV	17,111	12,000	8,333		-	(26,078)	-	-
K292 EJD	35,078	12,000	26,078		-	-	(3,000)	11,062
K439 VPD	23,062	12,000	14,062		(5,190)	(1,113)	-	-
K473 WRO	14,205	12,000	6,303		-	-	(2,558)	7,674
K517 EHX	19,232	12,000	10,232		(11,860)	3,661	-	-
K569 PRN	16,932	12,000	8,199		(8,370)	470	-	-
K839 EHX	16,534	12,000	7,900		-	-	(2,034)	6,103
K519 EHX	16,850	12,000	8,137		-	-	(1,570)	4,710
K920 VPB	14,166	12,000	6,280		(11,600)	3,543	-	-
K597 PRN	16,743	12,000	8,057		(8,390)	547	-	-
K397 PLF	16,458	12,000	7,843		(9,000)	808	-	-
K750 EYU	16,923	12,000	8,192		-	-	-	-

YEAR ENDED 31 DECEMBER 1995

CAPITAL ALLOWANCES - EXPENSIVE CARS (CONTINUATION)

Registration number	Original cost	Cost limit for restriction	TWDV b/f	Additions	(Proceeds)	Balancing (allowances) /charges	Writing-down allowances	TWDV c/f
K536 EHX	17,494	12,000	8,620			-	(2,155)	6,465
K839 CRW	17,247	12,000	8,435		(7,250)	(1,185)	-	-
J424 SRX	13,750	12,000	6,046			-	(1,512)	4,534
K495 RLE	16,866	12,000	10,866			-	(2,717)	8,149
K571 RLL	16,601	12,000	10,601			-	(2,650)	7,951
K467 AVS	17,068	12,000	11,068			-	(2,767)	8,301
K153 WRO	13,212	12,000	7,659		(9,500)	1,841	-	-
H374 YYX	21,750	12,000	15,750			-	(3,000)	12,750
K387 FUV	18,812	12,000	12,812			-	(3,000)	9,812
K76 FUU	43,548	12,000	37,548			-	(3,000)	34,548
K336 LGU	16,710	12,000	10,710			-	(2,678)	8,032
K790 SLO	37,750	12,000	31,750			-	(3,000)	28,750
K735 LGX	16,922	12,000	10,922			-	(2,731)	8,191
G145 APA	18,776	12,000	12,776			-	(3,000)	9,776
K89 CMX	19,342	12,000	13,342		(13,500)	158	-	-
L204 EHM	16,931	12,000	10,931			-	(2,733)	8,198
L206 EHM	16,894	12,000	10,894			-	(2,724)	8,170
L821 GUU	12,773	12,000	7,330		(5,490)	(1,840)	-	-
L192 HGS	16,056	12,000	10,056			-	(2,514)	7,542
L148 GYP	19,231	12,000	13,231			-	(3,000)	10,231
L213 EHN	19,624	12,000	13,624			-	(3,000)	10,624
L214 EHN	16,405	12,000	10,405			-	(2,601)	7,804
L421 CKO	19,577	12,000	13,577			-	(3,000)	10,577
L470 GYR	14,611	12,000	8,708		(9,955)	1,247	-	-
J603 OKS	11,500	12,000	6,469		(9,800)	3,331	-	-
L562 GYR	19,990	12,000	13,990			-	(3,000)	10,990
L749 8DN	34,080	12,000	31,080			-	(3,000)	28,080
L751 LVV	15,909	12,000	12,909			-	(3,000)	9,909
L310 DKR	16,400	12,000	13,400		(12,200)	(1,200)	-	-
L32 GYY	16,432	12,000	13,432			-	(3,000)	10,432
L980 EBU	19,404	12,000	16,404			-	(3,000)	13,404
L768 GYX	32,737	12,000	29,737			(29,737)	-	-
L894 LVV	16,138	12,000	13,138			-	(3,000)	10,138
L349 HTF	18,164	12,000	15,164			-	(3,000)	12,164
L701 HHK	19,902	12,000	16,902			-	(3,000)	13,902
L740 LUV	16,052	12,000	13,052		(11,000)	(2,052)	-	-
L491 HUW	18,479	12,000	15,479			-	(3,000)	12,479
L326 WLC	14,109	12,000	11,109		(9,050)	(2,059)	-	-
L932 MKX	17,731	12,000	14,731		(13,500)	(1,231)	-	-
L813 HYK	16,809	12,000	13,809			-	(3,000)	10,809
L309 HYK	21,350	12,000	18,350			-	(3,000)	15,350
M939 MJB	17,839	12,000	14,839			-	(3,000)	11,839
L665 APC	13,888	12,000	10,888		(10,000)	(888)	-	-
M646 SJD	18,796	12,000	15,796		(14,625)	(1,171)	-	-
M675 NCF	14,994	12,000	11,994			-	(2,999)	8,995
L882 JDA	15,700	12,000	12,700			-	(3,000)	9,700
M544 BRK	13,193	12,000	10,193			-	(2,548)	7,645
M749 BLM	17,274	12,000	14,274			-	(3,000)	11,274
M947 OJB	18,934	12,000	10,934			-	(2,734)	8,200
M317 HPL	18,046	12,000	15,046			-	(3,000)	12,046
M679 NCF	17,275	12,000	14,275			-	(3,000)	11,275
L506 VLO	16,373	12,000	13,373		(10,890)	(2,483)	-	-
L94 DKJ	15,954	12,000	12,954		(13,400)	446	-	-
M905 LYY	36,070	12,000		£ 36,070		-	(3,000)	33,070
M204 KPB	21,139	12,000		21,139		-	(3,000)	18,139
L656 LRX	15,763	12,000		15,763		-	(3,000)	12,763
M451 KPB	17,990	12,000		17,990		-	(3,000)	14,990
M439 KPB	18,222	12,000		18,222		-	(3,000)	15,222
M138 DGN	20,614	12,000		20,614		-	(3,000)	17,614
M749 RNK	14,674	12,000		14,674		-	(3,000)	11,674
M544 MHM	16,878	12,000		16,878		-	(3,000)	13,878
M193 MUL	18,079	12,000		18,079		-	(3,000)	15,079
M854 COY	17,406	12,000		17,406		-	(3,000)	14,406
M307 EGC	20,486	12,000		20,486		-	(3,000)	17,486
M983 LPF	24,517	12,000		24,517		-	(3,000)	21,517
M715 DLM	20,281	12,000		20,281		-	(3,000)	17,281
M838 TAN	12,872	12,000		12,872		-	(3,000)	9,872
M588 MPF	13,640	12,000		13,640		-	(3,000)	10,640

YEAR ENDED 31 DECEMBER 1995

CAPITAL ALLOWANCES - EXPENSIVE CARS (CONTINUATION)

Registration number	Original cost	Cost limit for restriction	TWDV b/f	Additions	(Proceeds)	Balancing (allowances) /charges	Writing-down allowances	TWDV c/f
M813 MYH	28,861	12,000		28,861		-	(3,000)	25,861
H253 HOY	14,152	12,000		14,152		-	(3,000)	11,152
N157 RPA	20,741	12,000		20,741		-	(3,000)	17,741
N723 VAN	28,408	12,000		28,408		-	(3,000)	25,408
N436 VJH	26,827	12,000		26,827		-	(3,000)	23,827
N126 FLU	21,825	12,000		21,825		-	(3,000)	18,825
N175 GLT	20,942	12,000		20,942		-	(3,000)	17,942
N421 OYM	15,844	12,000		15,844		-	(3,000)	12,844
M860 LUL	19,500	12,000		19,500		-	(3,000)	16,500
M824 ALH	22,431	12,000		22,431		-	(3,000)	19,431
M151 YFC	20,889	12,000		20,889		-	(3,000)	17,889
N349 PAA	19,427	12,000		19,427		-	(3,000)	16,427
N597 GLH	15,282	12,000		15,282		-	(3,000)	12,282
N833 WCF	13,342	12,000		13,342		-	(3,000)	10,342
N470 OYN	20,234	12,000		20,234		-	(3,000)	17,234
N564 WKK	22,148	12,000		22,148		-	(3,000)	19,148
N38 GLC	14,704	12,000		14,704		-	(3,000)	11,704
				<u>£ 1,393,311 'C'</u>	<u>£ 634,188 'C1'</u>	<u>£ (342,831) 'A'</u>	<u>£ (82,407) 'A'</u>	<u>£ (277,438) £ 1,324,823</u>

MCKINSEY & COMPANY, INC. UNITED KINGDOM (LONDON BRANCH)

YEAR ENDED 31 DECEMBER 1995

SHORT LIFE ASSETS

Acquisition period end	Description	Additions	Writing down allowance	TWDV c/f
31 Dec 95	Computer software	'C' £ 339,430	£ (84,858)	£ 254,572
		'C' £ 339,430	'A' £ (84,858)	£ 254,572

YEAR ENDED 31 DECEMBER 1995FIXED ASSETS

Net book value, beginning of period		£ 13,274,968
Additions in the period:		
Plant or machinery - WDA	`B` `C3`	£ 3,058,901
Cars qualifying for CAA 1990 s41 pool	`B`	10,101
Expensive cars	`B2`	634,188
Short life assets election	`B3`	339,430
Short life assets charged to profit and loss account	`D7`	(339,430)
Revenue items capitalised	`A` `C3`	41,350
Non qualifying additions	`C3`	115,476
Revaluation of L349 HTF		2,685
Total additions		3,862,701
Disposals at net book value to 31 December 1995	`C1`	(147,935)
Depreciation charge	`A` `C2`	(3,156,050)
Net book value, end of period		<u>£ 13,833,684</u>

In accordance with S118 FA 1994 the company hereby notifies the Inspector that the qualifying expenditure analysed above was incurred during the chargeable period ended 31 December 1995.

FIXED ASSET DISPOSALS

`C1`

DETAILS OF (INCOME) AND EXPENDITURE

DISPOSALS:

	Cost	(Accumulated depreciation)	Net book value	(Disposal proceeds)	(Profit)/loss on disposal
Cars - CAA 1990 s41 Pool	£ 7,980	£ (2,660)	£ 5,320	`B` £ (12,750)	£ (7,430)
Expensive cars	724,101	(581,486)	142,615	`B2` (342,831)	(200,216)
	£ 732,081	£ (584,146)	£ 147,935	£ (355,581)	£ (207,646)

YEAR ENDED 31 DECEMBER 1995DEPRECIATION

AMOUNTS CHARGED UNDER:

		Depreciation		(Profit)/Loss on disposals
Office operating expenses	'05'	£ 3,156,050	'05'	£ (207,646)
Total charge/(credit) in period	'A''C'	£ 3,156,050	'A''C1'	£ (207,646)

MCKINSEY & COMPANY, INC. UNITED KINGDOM (LONDON BRANCH)

YEAR ENDED 31 DECEMBER 1995

FIXED ASSET ADDITIONS

	Qualifying for WDA	Non- Qualifying	Revenue items capitalised	Total
	£	£	£	£
Leasehold improvements: 74 St. James's Street	-	-	515	515
Painting	-	2,511	-	2,511
Media relations re: disposal	-	-	-	1,781
Furniture	1,781	-	-	1,781
Relocation: Project management services	15,862	13,851	12,111	41,824
Byron House Furniture	4,671	-	-	4,671
1 Jermyn Street				
Telephone equipment	9,056	-	-	9,056
Office equipment	7,746	-	-	7,746
Space planning/Design fees	-	-	6,956	6,956
Air conditioning/air tests	-	-	1,610	1,610
Office installation	4,313	1,388	3,206	8,907
Professional services	285,899	97,726	16,952	400,577
Computer equipment: Hardware and software	2,174,684	-	-	2,174,684
Furniture & equipment:				
Office equipment	433,068	-	-	433,068
Carpets and drapes	35,981	-	-	35,981
Furniture	85,840	-	-	85,840
Total	£ 3,058,901	£ 115,476	£ 41,350	£ 3,215,727

§1 These fees are the balance of fees payable in relation to the fit out of 1 Jermyn Street. They are claimed on the same basis as 1994.

YEAR ENDED 31 DECEMBER 1995INTEREST INCOME

DETAILS OF ASSETS AND (LIABILITIES):

		<u>Total</u>
Receivable, beginning of period		£ -
Credited to profit and loss	'A' 'D5'	82,367
(Received) during period Case III income	'A'	(82,367)
Receivable, end of period		<u>£ -</u>

ACCRUAL FOR PAYROLL TAXES

C5'

DETAILS OF ASSETS AND (LIABILITIES):

	<u>Non deductible</u>	<u>Total</u>
Balance, beginning of period		£ (121,366)
(Debit)/Credit to profit and loss account	'A' £ (144,000)	'D4' (144,000)
Utilised in period		121,366
Balance, end of period	<u>£ (144,000)</u>	<u>£ (144,000)</u>

DEEP DISCOUNT SECURITY

C6'

Date of issue	3 Jan 95	£ 5,000,000
Date of redemption	28 Dec 95	5,350,000
Income element		'A' £ 350,000
Date of issue	4 Oct 95	£ 2,500,000
Redemption date	2 Oct 96	2,693,750
Income element for 1995		<u>£ 47,243</u>
Total income		<u>£ 397,243</u>

YEAR ENDED 31 DECEMBER 1995

PROFIT AND LOSS ACCOUNT

DETAILS OF (INCOME) AND EXPENDITURE:

Client services	£ (69,082,626)
Consultant services costs	'D2' 31,906,485
Gross profit	£ (37,176,141)
Administrative expenses	'D3' 35,074,887
Profit on ordinary activities before taxation	'A' £ (2,101,254)

CONSULTANT SERVICES COSTS

'D2'

DETAILS OF (INCOME) AND EXPENDITURE:

	Total
Salaries	£ 18,572,610
Productivity pay	13,333,875
Total	'D' £ 31,906,485

ADMINISTRATIVE EXPENSES

'D3'

DETAILS OF (INCOME) AND EXPENDITURE:

	Total
Personnel compensation	'D4' £ 6,283,890
Management services	6,468,093
Practice development & recruiting	'D6' 4,964,209
Office operating expenses	'D5' 14,207,149
Interoffice transfer expense	1,005,571
Legal & professional fees	'D7' 1,711,937
Memberships and contributions	'D8' 36,795
Deep discount premium	'A' 397,243
Total	'D' £ 35,074,887

YEAR ENDED 31 DECEMBER 1995PERSONNEL COMPENSATION

DETAILS OF (INCOME) AND EXPENDITURE:

	Total
Support staff salaries	£ 5,856,175
Recovery of support staff salaries	(9,404,404)
Other personnel costs	321,109
Gifts to employees	984
Employee benefits	3,938,351
Retirement plans	5,254,040
Intercompany approved share option scheme charge	173,635
Accrual for payroll taxes	'C5' 144,000
Total	'D3' £ 6,283,890

§1 Calculated in accordance with the International Division letter of 15 March 1996.

YEAR ENDED 31 DECEMBER 1995OFFICE OPERATING EXPENSES

DETAILS OF (INCOME) AND EXPENDITURE:

		Total	Disallowable
Depreciation	'C2'	£ 3,156,050	
Profit on disposal of fixed assets	'C2'	(207,646)	
Rent payable		5,429,626	
Telephone, telex, postage & delivery		826,119	
Office supplies (net of recovery)		519,650	
Furniture & equipment rentals (net of recovery)		421,918	
Minor value assets		58,949	'B' 'D9' £ 20,619 "
Petty cash and miscellaneous staff expenses		2,929	
Computer expenses (net of recovery)		1,104,433	
Books & periodicals		576,834	
Motor car expenses		1,250,254	
Communication service & supplies		285,313	
Office maintenance & utilities		1,208,516	
Interoffice administrative recharge		160,000	
Rates & insurance		2,031,857	
Miscellaneous income		(1,978)	
Honoraria income		(15,376)	
Interest income	'A' 'C4'	(82,367)	
Accrued vendor payables		68,898	
Bank overdraft interest		375	
Bank fees & charges		17,166	
Interoffice services		(30,900)	
Negotiation fees payable		460,072	
Currency loss on current assets		57,073	
Practice research		(3,090,616)	
Total	'D3'	£ 14,207,149	'A' £ 20,619

§1 The principal items charged to this account are computer related consumable items. Following review of the invoices, any items that cost over £500 and were of a capital nature, were disallowed and WDA's claimed.

PRACTICE DEVELOPMENT & RECRUITING

D6

DETAILS OF (INCOME) AND EXPENDITURE:

	Total	Disallowable
New hire expenses	£ 474,768	
Travel, meals & lodging	2,111,552	
Staff subsistence and entertaining	197,297	
Client entertaining	138,285	£ 138,285
Recovery of entertaining	(141,112)	
Firmwide training	1,147,510	
Conferences	1,035,909	
Total	'D3' £ 4,964,209	'A' £ 138,285

YEAR ENDED 31 DECEMBER 1995LEGAL & PROFESSIONAL FEES

DETAILS OF (INCOME) AND EXPENDITURE:

	Total	Disallowable
Employee pension plans	£ 219,092	
Other office fees	26,137	
Solicitors fees re trading transactions	96,092	
Accountancy & taxation services	435,515	£ 32,625
Professional services re disposal of 74 St James's Street	63,575	63,575
Management consultancy advice	34,565	
Computer consultancy	100,159	
IT support	62,810	
Market research and information services	36,074	
Staff coaching and training	68,479	
Interior design consultancy	7,760	
Project management re 1 Jermyn Street	61,080	
Communications consultancy	21,136	
Psychological assessments	15,000	
Professional fees re employment matters	37,095	
Staff counselling re Exit programme	12,000	
Art consultant	16,971	
New expenses software programme	339,430	339,430
Health & Safety costs	6,150	
Hire of Management Staff	10,200	
Recruitment Fees	24,817	
Byron House consultancy and disposal success fee	15,000	15,000
Surveyors fees	2,800	2,800
Total	D3' £ 1,711,937	A' £ 453,430

MEMBERSHIPS AND CONTRIBUTIONS

D8'

DETAILS OF (INCOME) AND EXPENDITURE:

	Total	Disallowable
Office memberships	£ 15,241	£ 70
Charitable contributions	21,554	21,554
Total	D3' £ 36,795	A' £ 21,624

MINOR VALUE ASSETS

D9'

DETAILS OF (INCOME) AND EXPENDITURE:

	Qualifying for WDA
Computer equipment	£ 20,619
Total	B'D5' £ 20,619

McKINSEY & COMPANY, INC. UNITED KINGDOM

YEAR ENDED 31 DECEMBER 1995

UNAUDITED PROFIT AND LOSS ACCOUNT

	1995	1995	1994	1994
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Turnover		69,082,626		64,895,945
Cost of Sales		(31,906,485)		(27,856,419)
Gross Profit		37,176,141		37,039,526
Administrative Expenses:				
Personnel compensation	6,283,890		6,621,972	
Office operating expenses	14,207,149		10,296,419	
Memberships and contributions	36,795		14,677	
Legal & professional fees	1,711,937		1,105,477	
Management services	6,468,093		5,523,144	
Interoffice transfer expense	1,005,571		1,169,112	
Practice development	4,964,209		3,266,950	
Deep discount premium	397,243		-	
		(35,074,887)		(27,997,751)
Profit on ordinary activities before taxation		2,101,254		9,041,775
Tax on profit on ordinary activities		(905,097)		(2,813,861)
Profit for the financial year		1,196,157		6,227,914
Retained profits at 1 January		8,502,027		2,274,113
Retained profits at 31 December		9,698,184		8,502,027

McKINSEY & COMPANY, INC. UNITED KINGDOM

YEAR ENDED 31 DECEMBER 1995

UNAUDITED BALANCE SHEET

	1995 <u>£</u>	1995 <u>£</u>	1994 <u>£</u>	1994 <u>£</u>
FIXED ASSETS:				
Leasehold improvements	8,319,705		8,234,037	
Furniture and equipment	4,753,231		4,254,501	
Motor vehicles	760,748		786,430	
	<hr/>	13,833,684	<hr/>	13,274,968
CURRENT ASSETS:				
Work in progress	334,781		1,016,399	
Debtors	11,168,970		11,660,697	
Employee loans	553,131		508,765	
VAT recoverable	984,030		691,493	
Other assets	-		1,062,496	
Cash at bank and in hand	1,666,039		660,304	
	<hr/>	14,706,951	<hr/>	15,600,154
TOTAL ASSETS:		<hr/> 28,540,635		<hr/> 28,875,122
CREDITORS:				
Creditors	4,332,715		4,226,698	
Deep discount note	2,547,243		5,000,000	
Vacation reserve	494,324		457,910	
Accrued withholding taxes	4,718,326		3,097,581	
Corporation Tax payable	674,709		2,725,487	
Intercompany	2,125,389		974,932	
Other liabilities	59,258		-	
	<hr/>	(14,951,964)	<hr/>	(16,482,608)
NET ASSETS:		<hr/> 13,588,671		<hr/> 12,392,514
CAPITAL AND RESERVES:				
Intercompany		3,890,487		3,890,487
Profit and loss account		9,698,184		8,502,027
		<hr/> 13,588,671		<hr/> 12,392,514

McKINSEY & COMPANY, INC. UNITED KINGDOM

YEAR ENDED 31 DECEMBER 1995

UNAUDITED ACCOUNTS

I certify that the figures shown on the attached balance sheet and profit and loss account are in accordance with the books and records of the branch.



Chris Fawcett
Financial Controller
For & on behalf of McKinsey
Company, Inc. United
Kingdom
(London Branch)