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McKinsey & Company, Inc. United Kingdom
Accounts for the year ended 31st December 2001



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Accountant's report to the Directors of McKinsey & Company, Inc. United Kingdom

You have instructed us to review the accounts of McKinsey & Company, Inc. United Kingdom for the year ended 31st December 2001 in the context of UK GAAP. You have not instructed us to conduct an audit and accordingly we are not giving an audit opinion on the accounts. The accounts have been compiled from the accounting records and information and explanations supplied. These Accounts comprising the profit and loss account, balance sheet and related notes 1 to 5 have been prepared under the accounting policies set out therein, in a manner consistent with UK GAAP.

Gallagher & Co

Gallagher & Co
Chartered Accountants
2nd Floor, Titchfield House
69/85 Tabernacle Street
London EC2A 4RR

14th May 2003.

McKinsey & Company, Inc. United Kingdom**Profit and Loss Account for the year ended 31st December 2001**

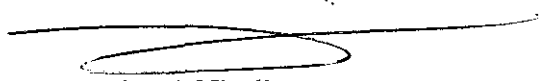
	2001	2000
Turnover	209,643,565	205,362,967
Cost of Sales		
Personnel costs	<u>113,120,483</u>	<u>125,645,223</u>
Gross profit	96,523,082	79,717,744
Administrative expenses		
Rent and occupancy	19,549,726	12,006,567
Other personnel costs	4,043,347	5,966,436
Depreciation	2,619,329	1,949,950
Loss/profit on disposal of assets	14,401	183,943
Travel and entertaining	6,432,543	7,244,236
Inter office management services	28,821,145	30,617,052
Practice Research	17,131,126	14,876,109
Interest payable and other finance charges	2,728,507	2,129,833
Legal and professional expenses	5,128,968	4,555,779
Other office expenses	9,588,208	8,949,515
Adjustments in respect of previous years	<u>0</u>	<u>-2,664,749</u>
	96,057,300	85,814,670
Other income-interest	255,590	367,395
Net Loss/Profit before tax	<u>721,372</u>	<u>-5,729,531</u>
Taxation	-73,788	-1,894,591
Net Loss/Profit after tax	<u>647,584</u>	<u>-3,834,940</u>

McKinsey & Company, Inc. United Kingdom

Balance Sheet as at 31st December 2001

	Notes	2001	2000
Fixed Assets	1	22,855,440	15,366,083
Current Assets			
Debtors	2	25,870,042	34,421,767
Work in progress		2,666,321	4,072,285
Cash		4,183,912	11,152,052
Total		32,720,275	49,646,104
Creditors	3	46,447,492	56,531,548
Net current assets		-13,727,217	-6,885,444
Total Assets		<u>9,128,223</u>	<u>8,480,639</u>
Reserves			
Share capital		100	100
Capital reserve		4,390,487	4,390,487
Retained profit		<u>4,737,636</u>	<u>4,090,052</u>
		<u>9,128,223</u>	<u>8,480,639</u>

Approved by McKinsey & Company Inc United Kingdom
and signed on their behalf by



Deborah Nicoll

14th May 2003

McKinsey & Company, Inc. United Kingdom

Accounts for the year ended 31st December 2001

Accounting policies

1 The entity is not required legally or otherwise to present accounts which give a true and fair view. UK accounting standards have been adopted as set out below together with an indication of where these depart from Accounting standards,

2 The accounts have been prepared under the historical cost convention.

3 Fixed assets are shown at historical cost less depreciation.

Depreciation is provided on the following basis

- Motor vehicles are depreciated on the same basis as capital allowances available for them
- Leasehold improvements are depreciated over the remaining term of the lease
- Furniture and equipment is depreciated on a reducing balance basis over 3 to 10 years

4 Corporation tax is provided on taxable profit at the prevailing rate

5 Work in progress is stated at the lower of cost and net realisable value

6 Pension

The firm operates a pension scheme for employees. The amount charged to the profit and loss account represents the amount payable in the year.

7 Turnover

Turnover includes fees generated by the branch.

8 Management services

Management services are for the contribution by the world wide organisation to the income generating capacity of the branch

9 Currency exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates for the transactions.

McKinsey & Company Inc United Kingdom

Balance Sheet as at 31st December 2001

Notes

1	Fixed Assets	Leasehold Improvements	Furniture and Equipment	Motor vehicles	
	Cost bfwd	16,399,902	21,491,554	2,860,445	40,751,901
	Additions	6,815,710	3,279,857	199,747	10,295,314
	Disposals			278,847	278,847
	Cost cfwd	23,215,612	24,771,411	2,781,345	50,768,368
	Depreciation bfwd	4,587,916	18,748,552	2,049,350	25,385,818
	Charge for the year	1,193,899	1,291,855	133,575	2,619,329
	Eliminated in respect of disposals			92,219	92,219
	Depreciation cfwd	5,781,815	20,040,407	2,090,706	27,912,928
	NBV 31/12/2001	17,433,797	4,731,004	690,639	22,855,440
	NBV 31/12/2000	11,811,986	2,743,002	811,095	15,366,083
2	Debtors	2001		2000	
	Trade Debtors	22,597,301		29,637,345	
	Other debtors	655,607		1,894,836	
	Prepayments	2,617,134		2,889,586	
	Total debtors	25,870,042		34,421,767	
3	Creditors				
	Trade creditors	2,444,954		4,964,826	
	Other creditors	286,132		269,414	
	Taxes	422,697		9,598,624	
	Intercompany balance	18,556,949		19,878,236	
	Accruals	24,736,760		21,820,448	
	Total creditors	46,447,492		56,531,548	