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McKinsey & Company, Inc. United Kingdom

Accounts for the year ended 31st December 2000



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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 2000 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

13th December 2002.

McKinsey & Company Inc United Kingdom

Profit and Loss Account for the year ended 31st December 2000

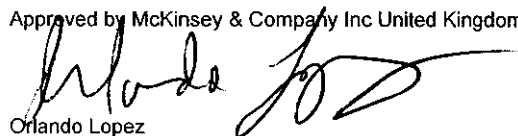
	2000	1999 (restated)	1999
Turnover	205,362,967	167,757,087	149,299,404
Cost of Sales	0		
Personnel costs	<u>125,645,223</u>	<u>116,972,673</u>	<u>116,202,942</u>
Gross profit	79,717,744	50,784,414	33,096,462
Administrative expenses	0		
Rent and occupancy	12,006,567	7,158,810	5,585,628
Other personnel costs	5,966,436	4,058,640	4,058,640
Depreciation	1,949,950	2,096,182	2,096,182
Gain or loss on disposal of assets	183,943	1,541,570	1,541,570
Travel and entertaining	7,244,236	10,640,798	6,079,335
Inter office management services	30,617,051	9,401,893	11,597,308
Practice Research	14,876,109	10,546,362	
Interest payable and other financing charges	2,129,833	2,653,791	2,653,791
Legal and professional fees	4,555,779	3,958,365	2,751,856
Other office expenses	8,949,515	<u>6,012,821</u>	<u>4,016,970</u>
Adjustments in respect of previous years	<u>-2,664,749</u>		
	85,814,669	58,069,232	40,381,280
Other income - interest	367,395	336,662	336,662
Net Loss/Profit before tax	<u>-5,729,531</u>	<u>-6,948,156</u>	<u>-6,948,156</u>
Taxation	-1,894,591	0	0
Net Loss/Profit after tax	<u>-3,834,940</u>	<u>-6,948,156</u>	<u>-6,948,156</u>

McKinsey & Company Inc United Kingdom

Balance Sheet as at 31st December 2000

	Notes	2000	1999
Fixed Assets	1	15,366,083	9,505,513
Current Assets			
Debtors	2	34,421,767	29,801,322
Work in progress		4,072,285	3,185,411
Cash		11,152,052	
Total Current Assets		49,646,104	32,986,733
Creditors	3	56,531,548	30,676,667
Net current assets		-6,885,444	2,310,066
Total Assets		<u>8,480,639</u>	<u>11,815,579</u>
Reserves			
Share capital		100	100
Capital reserve		4,390,487	3,890,487
Retained earnings		<u>4,090,052</u>	<u>7,924,992</u>
		<u>8,480,639</u>	<u>11,815,579</u>

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


Orlando Lopez

13th December 2002

McKinsey & Company, Inc. United Kingdom

Accounts for the year ended 31st December 2000

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 2000

Notes

1	Fixed Assets	Leasehold Improvements	Furniture and Equipment	Motor vehicles	
	Cost bfwd	10,352,164	19,914,133	2,947,937	33,214,234
	Additions	6,047,738	1,577,421	497,639	8,122,798
	Disposals			585,131	585,131
	Cost cfwd	16,399,902	21,491,554	2,860,445	40,751,901
	Depreciation bfwd	4,007,531	17,536,899	2,164,291	23,708,721
	Charge for the year	580,385	1,211,653	157,912	1,949,950
	Eliminated in respect of disposals			272,853	272,853
	Depreciation cfwd	4,587,916	18,748,552	2,049,350	25,385,818
	NBV 31/12/2000	11,811,986	2,743,002	811,095	15,366,083
	NBV 31/12/1999	6,344,633	2,377,234	783,646	9,505,513
2	Debtors	2000		1999	
	Trade Debtors	29,637,345		26,778,624	
	Other debtors	1,894,836		1,077,297	
	Prepayments	2,889,586		1,945,401	
	Total debtors	34,421,767		29,801,322	
3	Creditors				
	Bank overdraft	0		945,009	
	Trade creditors	4,964,826		3,771,559	
	Other creditors	269,414		615,888	
	Taxes	9,598,624		6,028,689	
	Intercompany balance	19,878,236		2,365,373	
	Accruals	21,820,448		16,950,149	
	Total creditors	56,531,548		30,676,667	