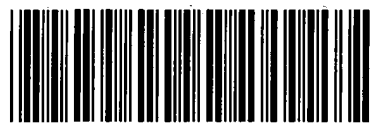


Registered number: 03974527

NERA UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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25/10/2019

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COMPANIES HOUSE

NERA UK LIMITED

COMPANY INFORMATION

DIRECTORS

M J Cunningham
S Gammons
R Hern
S McDonald
L Wu

COMPANY SECRETARY

P B Crosby

REGISTERED NUMBER

03974527

REGISTERED OFFICE

Marble Arch House
66 Seymour Street
London
W1H 5BT

NERA UK LIMITED

CONTENTS

	Page
STRATEGIC REPORT	1 - 4
DIRECTORS' REPORT	5 - 6
DIRECTORS' RESPONSIBILITIES STATEMENT	7
INDEPENDENT AUDITOR'S REPORT	8 - 10
STATEMENT OF COMPREHENSIVE INCOME	11
STATEMENT OF FINANCIAL POSITION	12
STATEMENT OF CHANGES IN EQUITY	13 - 14
NOTES TO THE FINANCIAL STATEMENTS	15 - 41

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

INTRODUCTION

The directors present their Strategic Report for NERA UK Limited (the "Company") for the year ended 31 December 2018. The Company's registration number is 03974527.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is to provide economic consulting services.

The Company operated a branch in Brussels, Belgium during the year.

The Company considers year on year turnover growth and administrative expenses savings as key financial indicators and indicators of performance.

The Company's key performance indicators during the year were as follows compared to 2017 restated:

	Year ended 31 December 2018 £'000	As restated Year ended 31 December 2017 £'000	Movement £'000	Movement %
Turnover	13,093	12,525	568	4.5%
Administrative expenses	(12,295)	(11,439)	(856)	(7.5%)
Profit before tax	900	1,140	(240)	(21.1%)
Net assets/(liabilities)	663	(52)	715	1,375%

Turnover increased by £568,000 in 2018 due to organic growth within the business. Total administration expenses increased by £856,000 in 2018 primarily driven by increased direct staff costs due to increased headcount.

The Company carries its own section of the MMC UK Pension Fund (along with associated pension obligations) on its balance sheet and its financial position is affected by actuarial valuations. The latest pension valuation has resulted in a net post retirement asset at the end of 2018 of £8,396,000 (2017 - £8,138,000).

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

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are those listed below:

Asset Risks

The Company is the custodian of leasehold, office furniture and equipment assets. Any losses of or damage to these assets would threaten the ability of the Company to provide its day-to-day business. The Company mitigates this risk through use of insurance and business continuity planning. The Company is also subject to impairment risk in relation to those fixed assets. The Company continually reviews its depreciation rates to ensure assets are amortised over the correct periods. In addition, the Company also reviews its tangible assets to ensure that they are not impaired.

Availability of IT systems

The Company has a number of Information Technology (IT) systems in order to carry on its day-to-day business. There is a risk that any of these systems as part of the overall IT infrastructure could fail, individually or collectively, with an adverse effect on the Company's operations. The Company is part of the Marsh & McLennan Companies, Inc.'s global IT structure and there are business continuity plans in place.

Competitive Risks

The competitive environment for economic consulting services is intense. The Company mitigates this risk by continued focus on clients, enhancing and differentiating the value of its consulting services.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis by management who perform monthly balance reviews. Management does not expect any counterparty to fail to meet its obligations. When considering whether balances are impaired the Company considers any known financial difficulty of the customers and previous settlement history. The Company provides for bad debts if it considers there is a risk of impairment.

Currency risk

The Company is exposed to currency risk in respect of its assets and liabilities denominated in currencies other than pounds sterling. The most significant currencies to which the Company is exposed to is Euros in regards to its Belgium branch. The Company seeks to mitigate the risk as far as possible by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

Interest rate risk

The Company has both cash deposits and overdrafts. The interest rate risk of the Company is managed by treasury staff, in line with guidelines issued by its ultimate parent company.

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on earnings

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

PRINCIPAL RISKS AND UNCERTAINTIES (continued)**Liquidity/cash flow risk**

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Company maintains liquid funds to mitigate against this risk. The Company makes use of forecasts and budgets to monitor and control its cash flows and working capital requirements and has access to other group liquid funds managed through a central treasury function.

Outsourcing risk

The Company outsources a number of its services to third party organisations. The ability of the Company to perform efficiently is directly impacted by the services of the third party providers. Outsourcing contracts and providers are respectively reviewed against performance expectations and key performance indicators.

People Risks

The willingness of competitors to offer key staff higher remuneration and benefits packages will always be a risk to the Company's ability to attract and retain key people.

Periodic benchmarking of salaries is carried out to ensure the Company remains competitive.

Political risk

The Company is subject to local and international economic and political instability. The Company manages this risk through monitoring of the economic environment as part of its ongoing forecasting process.

Management has noted Article 50 of the Treaty of Lisbon (the procedure for a member to leave the European Union ('EU')) after the UK referendum vote on 23 June 2016 to leave the EU. The final impact of leaving the EU on the economy, regulation and political stability is highly uncertain.

The Company has considered the key risks and impact to its business and operations in the event of a no deal Brexit, and, based on a balance of worse case versus likely scenario assumptions, is taking steps to mitigate these. A Brexit Operations Group has been established to collate activities within and across individual lines of business, and across all functional areas to ensure that the Company is Brexit ready and responsive to the Company's clients in the UK, risks around standards of data protection and the storing and transfer of data between the EU and the UK, employees, and supplier readiness.

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

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. Due to the nature of the Company's business and the assets and liabilities contained within the Company's Statement of Financial Position, the only financial risks the directors consider relevant to the Company are credit risk and liquidity risk. These risks are mitigated by credit control procedures and group support to enable it to meet its cash requirements. The Company engages with central treasury and finance functions working for the Marsh & McLennan Companies, Inc. Group to monitor and control its cash flows and working capital requirements.

Pension asset risk

The Company's defined benefit pension scheme is closed to new members. The pension scheme valuation is subject to inherent risks from factors beyond management's direct control such as the investment returns, inflation rates, mortality rates, regulatory changes, legal changes and underlying custodianship risk relating to investments. There are controls in place monitored by the Company and the Trustee to mitigate these as much as is possible.

ENVIRONMENT

The Company is responsible for the health, safety and welfare of its contractors whilst working on behalf of the Company and for ensuring that its operations do not unnecessarily harm the environment. The Company is also required to seek assistance of competent persons and provide the resources necessary to meet its obligations. The Safety, Health and Environment ("SHE") Unit fulfils this need as part of the Facilities Management structure within Marsh & McLennan Global Security Services and provides support for all employees. The SHE unit works closely with Facilities Management, Human Resources and the Company's Occupational Health providers to accomplish this role.

This report was approved by the board on 25/10/2019 and signed on its behalf.



S Gammons
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

PRINCIPAL ACTIVITY

The principal activities of the Company are set out in the Strategic Report on page 1. The information that fulfils the Companies Act requirements of the business' review are included in the Strategic Report on pages 1 to 4. Details of the principal risks and uncertainties are included in the Strategic Report.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £671,000 (2017 - £896,000).

The directors do not recommend the payment of a final dividend (2017 - £nil).

DIRECTORS

The directors who served during the year were:

M J Cunningham
S Gammons
R Hern
S McDonald
L Wu

GOING CONCERN

The directors have acknowledged the latest guidance on going concern. The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. As the Company currently has net current liabilities, and although it has net assets due to the carrying value of the pension asset, NERA UK Limited has a letter of support from its parent company, National Economic Research Associates (Delaware), Inc., stating that it will provide continued financial support to enable the company to meet its liabilities as they fall due for at least the next twelve months from the signing of these financial statements. With this support from the parent company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

FUTURE DEVELOPMENTS

The Company continues to be seen as a market leader in the provision of economic consultancy services to government authorities, law firms and corporations, and the directors consider the Company to be well placed in the market to continue these activities in the foreseeable future.

EMPLOYEE INVOLVEMENT

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

DISABLED EMPLOYEES

It is the policy of the Company to give full consideration to suitable applications for employment of disabled persons. Every effort is made, where employees of the Company become disabled, to retain them in their employment, or consider them for other positions.

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

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has put in place an indemnity in the Articles of Association to indemnify directors and officers of the Company against losses or liabilities sustained in the execution of their duties of office. The indemnity is a qualifying third party indemnity provision under s232 and s234 of the Companies act 2006.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENT

In September 2018, the Company's ultimate parent company, Marsh & McLennan Companies, Inc. (NYSE: MMC), a global professional services firm offering clients advice and solutions in risk, strategy and people, announced that it had reached an agreement to acquire Jardine Lloyd Thompson Group plc (LSE: JLT), a leading provider of reinsurance and employee benefits related advice, brokerage and associated services.

The acquisition of JLT accelerates MMC's strategy to be the pre-eminent global firm in the areas of risk, strategy and people solutions. JLT's track record of strong organic growth and attractive geographic diversification enhance MMC's ability to accelerate growth and margin expansion across products and geographies.

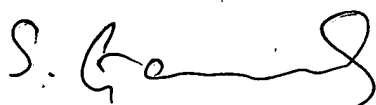
Under the terms of the transaction, holders of JLT's common shares received cash consideration of 19.15 pounds per share. Total cash consideration equates to 5.6 billion U.S. dollars in fully diluted equity value, or an estimated enterprise value of 6.4 billion U.S. dollars. The transaction completed 1 April 2019 and was funded by a combination of cash on hand and proceeds from debt financing.

The Company however is not directly involved in the financing of this transaction and it is anticipated that it will not be affected by the integration and expansion of the combined business into the Marsh & McLennan Companies, Inc. group of operating companies.

AUDITORS

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board on 25/10/2019 and signed on its behalf.



S. Gammons
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 audited 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 audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NERA UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of NERA UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 25.

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).

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NERA UK LIMITED (CONTINUED)

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.

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements**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.

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 any material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NERA UK LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Adam Knight (FCA) (Senior statutory auditor)

for and on behalf of

Deloitte LLP

London
United Kingdom

Date: 25th October 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	As restated 2017 £000
Turnover	4	13,093	12,525
Administrative expenses		(12,295)	(11,439)
Pensions curtailment loss	20	(109)	-
Operating profit	5	689	1,086
Interest receivable and similar income	9	1	-
Other finance income	10/20	210	54
Profit before tax		900	1,140
Tax on profit	11	(229)	(244)
Profit for the financial year		671	896
Other comprehensive income for the year			
Currency translation differences on consolidation of branch		(48)	(209)
Actuarial gains/experience adjustment on defined benefit pension scheme	20	111	5,772
Deferred tax relating to actuarial gains	17	(19)	(981)
Other comprehensive income for the year		44	4,582
Total comprehensive income for the year		715	5,478

There were no recognised gains and losses other than those included in the financial statements.

All transactions derive from continuing activities.

The notes on pages 15 to 41 form part of these financial statements.

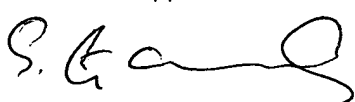
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

			2018	As restated
	Note		£000	2017 £000
Fixed assets				
Tangible assets	12		733	917
			<u>733</u>	<u>917</u>
Current assets				
Debtors: amounts falling due within one year	13	10,969	7,198	
Cash at bank and in hand	14	2,800	3,726	
		<u>13,769</u>	<u>10,924</u>	
Creditors: amounts falling due within one year	15	(20,647)	(18,573)	
Net current liabilities			<u>(6,878)</u>	<u>(7,649)</u>
Total assets less current liabilities			<u>(6,145)</u>	<u>(6,732)</u>
Creditors: amounts falling due after more than one year	16		(203)	(235)
Provisions for liabilities				
Deferred tax	17	(1,385)	(1,223)	
			<u>(1,385)</u>	<u>(1,223)</u>
Pension asset	20		8,396	8,138
Net assets/(liabilities)			<u><u>663</u></u>	<u><u>(52)</u></u>
Capital and reserves				
Called up share capital	18		-	-
Share premium account	19		241	241
Capital redemption reserve	19		580	580
Profit and loss account	19		(158)	(873)
			<u><u>663</u></u>	<u><u>(52)</u></u>

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

25/10/2019

S. Gammons
Director



The notes on pages 15 to 41 form part of these financial statements.

NERA UK LIMITED

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018 as restated	-	241	580	(873)	(52)
Comprehensive income for the year					
Profit for the year	-	-	-	671	671
Currency translation differences	-	-	-	(48)	(48)
Actuarial gains/experience adjustment on pension scheme	-	-	-	111	111
Deferred tax relating to items of other comprehensive profit	-	-	-	(19)	(19)
Other comprehensive income for the year	-	-	-	44	44
Total comprehensive income for the year	-	-	-	715	715
Total transactions with owners	-	-	-	-	-
At 31 December 2018	-	241	580	(158)	663

The notes on pages 15 to 41 form part of these financial statements.

NERA UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	-	241	243	(6,351)	(5,867)
Comprehensive income for the year					
Profit for the year (as restated)	-	-	-	896	896
Currency translation differences	-	-	-	(209)	(209)
Actuarial gains/experience adjustment on pension scheme	-	-	-	5,772	5,772
Deferred tax relating to items of other comprehensive profit	-	-	-	(981)	(981)
Other comprehensive income for the year	-	-	-	4,582	4,582
Total comprehensive income for the year	-	-	-	5,478	5,478
Waiver of intergroup payable	-	-	337	-	337
Total transactions with owners	-	-	337	-	337
At 31 December 2017 as restated	-	241	580	(873)	(52)

The notes on pages 15 to 41 form part of these financial statements.

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

1. GENERAL INFORMATION

NERA UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is Marble Arch House, 66 Seymour Street, London W1H 5BT. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 4.

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 judgement in applying the Company's accounting policies (see note 3).

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Marsh & McLennan Companies, Inc. as at 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

2.3 GOING CONCERN

The directors have acknowledged the latest guidance on going concern. The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. As the Company currently has net current liabilities, and although it has net assets due to the carrying value of the pension asset, NERA UK Limited has a letter of support from its parent company, National Economic Research Associates (Delaware), Inc., stating that it will provide continued financial support to enable the company to meet its liabilities as they fall due for at least the next twelve months from the signing of these financial statements. With this support from the parent company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

2. ACCOUNTING POLICIES (CONTINUED)**2.4 FOREIGN CURRENCY TRANSLATION****Functional and presentation currency**

The Company's functional and presentational currency is pound sterling. The Company also has a branch in Belgium whose functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.5 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.6 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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

2. ACCOUNTING POLICIES (CONTINUED)**2.8 PENSIONS****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages a qualified in-house actuarial specialist to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

The MMC UK Pension Fund is a trust based scheme, hence the assets are held separately from the Employer. Certain benefit obligations cannot be met through the MMC UK Pension Fund and these are provided by the Company as unfunded pension benefits, which are accounted for using the defined benefit plan policies described above.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.9 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold improvements	- over the shorter of remaining life of the lease or 10 years
Office furniture and equipment	- 3 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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

2. ACCOUNTING POLICIES (CONTINUED)**2.11 IMPAIRMENT OF TANGIBLE FIXED ASSETS**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 IMPAIRMENT

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of income as described below.

(i) Financial assets

For the Company's assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For the Company's assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

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

2. ACCOUNTING POLICIES (CONTINUED)**2.12 IMPAIRMENT (CONTINUED)****(ii) Non-financial assets**

At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets acquired separately to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of income, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Internally generated intangible assets arising from the Company's internal system development projects are considered for impairment on a regular basis and those projects that no longer have a useful purpose either by the result of obsolescence or the Company's decision to migrate to other products, will be recognised in the statement of income in the quarter the asset is no longer in a condition useable by the Company in any capacity.

2.13 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.

2.14 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.

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

2. ACCOUNTING POLICIES (CONTINUED)**2.15 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.

2.16 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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.

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

2. ACCOUNTING POLICIES (CONTINUED)**2.17 FINANCIAL INSTRUMENTS (continued)**

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 contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.18 DIVIDENDS

Dividends are the way that the Company makes distributions from the Company's profits to its shareholder. The dividend is determined in sterling, the economic currency of the Company. The directors may choose to declare dividends in any currency provided that a sterling equivalent is announced.

The Board decides the level of dividend in consultation or with consideration of various stakeholders, including the management and delegation advisers of the Company's ultimate parent company, Marsh & McLennan Companies, Inc. The amount and timing of a dividend may be changed at any time, and influenced by factors such as:

- the Company's working capital requirements to sustain its business plans,
- consideration of future employer contributions required for the closed defined benefit pension plan, should the fund be in deficit,
- the Company's future capital investment needs, and
- the Company's excess financial resources.

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following is the critical judgement, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Company is not a financial institution

Additional disclosure required for financial institutions has not been provided as management have assessed the Company not to be a financial institution.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Pension and other post-retirement benefits

The cost of defined benefit pension plan and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the plan, such estimates are subject to significant uncertainty. Further details are provided in note 20.

(ii) Deferred tax

Deferred tax timing differences have been provided at tax rates enacted at the balance sheet date which are expected to apply when the timing differences are expected to reverse. Deferred tax balances are reviewed and only recognised to the extent that it is probable that future taxable profits will allow the asset to be recovered.

(iii) Revenue recognition – Unbilled debtors ("WIP") provisioning

The Company recognises revenue as services are performed and the right to consideration is earned. Accordingly revenues are recorded as hours are worked and the WIP balance represents unbilled revenues which must be assessed for recoverability and provided against where appropriate.

Management reviews all project WIP balances greater than 90 days in age in order to determine whether a WIP reserve is appropriate depending on whether there is a valid reason for the delay in invoicing and that recoverability is still assured.

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

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2018	2017
	£000	£000
Fee income	9,068	7,341
Management fee recharges	4,025	5,184
	<u>13,093</u>	<u>12,525</u>

Analysis of turnover by country of destination:

	2018	2017
	£000	£000
United Kingdom	5,707	3,906
Rest of Europe	4,364	4,109
Rest of the world	3,022	4,510
	<u>13,093</u>	<u>12,525</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£000	£000
Depreciation of tangible fixed assets	271	190
Rentals under operating leases	762	748
Foreign exchange losses/(gain)	106	(822)
	<u>1,139</u>	<u>1116</u>

6. AUDITOR'S REMUNERATION

	2018	2017
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	39	39
	<u>39</u>	<u>39</u>

The Company has not engaged its auditor for any non audit services in the current and prior year.

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

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2018	<i>As restated</i>
	£000	2017
		£000
Wages and salaries	6,963	6,494
Social security costs	769	913
Cost of defined benefit scheme	96	146
Cost of defined contribution scheme	624	593
	8,452	8,146

In the prior year, the Company went through a program of rationalisation which resulted in a one-off cost to the Company of £267,000 not shown in the above table. This was not repeated in 2018.

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

	2018	2017
	No.	No.
Consultancy	43	38
Administration	14	12
	57	50

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

8. DIRECTORS' REMUNERATION

	2018 £000	2017 £000
Directors' emoluments	1,625	1,555
Pension and other retirement benefits	7	30
	<u>1,632</u>	<u>1,585</u>

During the year retirement benefits were accruing to 1 director (2017 - NIL) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to no directors (2017 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £1,023,000 (2017 - £990,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,000 (2017 - £NIL).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2017 - £30,000).

9. INTEREST RECEIVABLE

	2018 £000	2017 £000
Bank interest receivable	1	-
	<u>1</u>	<u>-</u>

10. OTHER FINANCE INCOME

	2018 £000	2017 £000
Interest income on pension scheme assets	210	54
	<u>210</u>	<u>54</u>

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

11. TAXATION

	2018 £000	As restated 2017 £000
CORPORATION TAX		
Current tax on profits for the year	31	195
Adjustments in respect of previous periods	5	-
	<u>36</u>	<u>195</u>
Double taxation relief	-	(7)
	<u>36</u>	<u>188</u>
FOREIGN TAX		
Foreign tax	50	10
	<u>50</u>	<u>10</u>
TOTAL CURRENT TAX	<u>86</u>	<u>198</u>
DEFERRED TAX		
Origination and reversal of timing differences	143	48
Adjustments in respect of previous periods	-	(2)
TOTAL DEFERRED TAX	<u>143</u>	<u>46</u>
TAXATION ON PROFIT	<u>229</u>	<u>244</u>

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

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	As restated 2017 £000
Profit before tax	900	1,140
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	171	219
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	22	30
Adjustments to tax charge in respect of prior periods	5	(2)
Other timing differences leading to an increase (decrease) in taxation	(19)	(6)
Foreign tax	50	3
TOTAL TAX CHARGE FOR THE YEAR	229	244

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The rate of corporation tax reduced from 20% to 19% from 1 April 2017, and will reduce from 19% to 17% from 1 April 2020.

NERA UK LIMITED

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

12. TANGIBLE FIXED ASSETS

	Short-term leasehold improve. £000	Office furniture and equipment £000	Total £000
COST OR VALUATION			
At 1 January 2018	1,114	396	1,510
Additions	87	-	87
At 31 December 2018	1,201	396	1,597
DEPRECIATION			
At 1 January 2018	340	253	593
Charge for the year on owned assets	215	56	271
At 31 December 2018	555	309	864
NET BOOK VALUE			
At 31 December 2018	646	87	733
At 31 December 2017	774	143	917

13. DEBTORS

	2018 £000	As restated 2017 £000
DUE WITHIN ONE YEAR		
Trade debtors	3,476	3,302
Unbilled debtors	1,650	1,205
Amounts owed by group undertakings	5,020	2,348
Other debtors	439	63
Prepayments	353	256
Foreign tax	31	24
	10,969	7,198

Amounts owed by group undertaking are unsecured, interest free and repayable on demand.

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

14. CASH AND CASH EQUIVALENTS

	2018	<i>2017</i>
	£000	<i>£000</i>
Cash at bank and in hand	2,800	3,726
	<u>2,800</u>	<u>3,726</u>

15. CREDITORS: Amounts falling due within one year

	2018	<i>As restated 2017</i>
	£000	<i>£000</i>
Trade creditors	67	81
Amounts owed to group undertakings	15,547	13,882
Corporation tax	225	188
Foreign tax	14	11
Other taxation and social security	747	842
Staff bonuses	2,999	2,572
Accruals and deferred income	1,048	997
	<u>20,647</u>	<u>18,573</u>

Amounts owed to group undertaking are unsecured, interest free and repayable on demand.

16. CREDITORS: Amounts falling due after more than one year

	2018	<i>As restated 2017</i>
	£000	<i>£000</i>
Deferred compensation	183	222
Accruals and deferred income	20	13
	<u>203</u>	<u>235</u>

Deferred compensation represents awards given to certain employees of the Company that will vest in future years.

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

17. DEFERRED TAX

	2018 £000	2017 £000
At beginning of year	1,223	196
Charged to profit or loss	143	48
Charged to other comprehensive income	19	981
Adjustments in respect of prior periods	-	(2)
AT END OF YEAR	1,385	1,223

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(70)	(78)
Pension surplus	1,427	1,325
Short term timing difference	28	(24)
	1,385	1,223

Deferred tax timing differences have been provided for at the tax rates substantively enacted at the balance sheet date which will apply when the timing differences are expected to reverse. The tax rates substantively enacted at the balance sheet date are 19% (effective 1 April 2019) and 17% (effective 1 April 2020).

There are no unrecognised deferred tax balances.

18. SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
100 (2017 - 100) Ordinary shares of £1.00 each	100	100

The Company has one class of ordinary shares which carry no right to fixed income.

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

19. RESERVES**Share premium account**

Share premium represents the premium received above the par value on ordinary share capital transactions.

Capital redemption reserve

The capital redemption represents cumulative charges in respect of the Company's equity-settled share-based payments of £243,000. During 2017, a fellow group subsidiary, Oliver Wyman Services Limited waived an amount owed to it of £337,000. This amount was then taken to the capital redemption reserve.

Profit and loss account

The profit and loss account includes all current and prior year retained profits and losses.

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

20. PENSION COMMITMENTS

The Company operates a pension scheme (the Fund) in the UK with defined benefit and defined contributions sections. From 1 August 2014, the Company's defined benefit section of the pension scheme was closed to future benefit accruals. Pension benefits accrued prior to that date retain the link to future salary growth or career revaluation, as applicable.

A comprehensive actuarial valuation of the defined benefit sections was carried out at 31 December 2017 and updated to 31 December 2018 by a qualified actuary (who is employed within the Marsh & McLennan Companies, Inc. Group). The update in 2018 allowed approximately for known cash flows, inflation experience and the estimated effect of changes in assumptions.

A plan amendment occurred during 2018 due to a pension increase exchange offer issued on 31 October 2018 that gave some pensioners the right to exchange certain pension increases for a higher non-increasing pension. The plan amendment has been measured at 31 December 2018 based on known acceptances of the pension increase exchange at the end of the offer period in February 2019. For the purposes of the preliminary estimate no allowance has been made, with the impact being a reduction in liabilities of £22,000.

In addition, an October 2018 High Court judgment resulted in most UK defined benefit schemes having to recognise additional liability to equalise benefits between men and women due to guaranteed minimum pension ("GMP equalisation"). The estimated impact of this ruling is additional liabilities of £131,000, which has been measured at October 2018 as a loss on plan changes.

The statutory funding objective is that the defined benefit sections of the Fund have sufficient and appropriate assets to pay their benefits as they fall due (the technical provisions). The general funding principles are that the technical provision assumptions taken as a whole will be sufficiently prudent, including appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the technical provisions could be insufficient to provide benefits in the future.

The funding principles were agreed in November 2016. The current agreement with the Trustee sets out the annual deficit contributions which would be due based on the funding valuation as at 31 December 2015. The funding level is subject to re-assessment, in most cases on 1 November of each year. If the funding level on 1 November has sufficiently improved, no deficit funding contributions will be required in the following year, and the deficit contribution amount will be deferred. Following the latest reassessment, a new schedule of contributions was agreed in November 2018 which requires no deficit contributions in respect of 2019.

The Company participates in a defined benefit plan that shares risks between entities under common control. The policy for charging the defined benefit costs is determined based on an allocation of accounting liabilities for each member between the employers participating in the section. The contributions and assets are allocated to the Company in proportion to the Company's share of the accounting liabilities in the section.

The Company also operates unfunded unapproved pension benefits that cannot be provided through the Fund.

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

20. PENSION COMMITMENTS (CONTINUED)

Reconciliation of present value of plan liabilities:

	2018	2017
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	43,616	46,565
Interest cost	1,116	1,219
Benefits paid	(773)	(2,955)
Gain from changes in assumptions and experience	(2,461)	(1,213)
Loss on plan changes	109	-
AT THE END OF THE YEAR	41,607	43,616

Composition of plan liabilities:

	2018	2017
	£000	£000
Present value of funded obligations	41,093	43,013
Present value of unfunded obligations	514	603
TOTAL PLAN LIABILITIES	41,607	43,616

Reconciliation of present value of plan assets:

	2018	2017
	£000	£000
At the beginning of the year	51,754	48,241
Administration expenses	(96)	(146)
Interest income	1,326	1,273
Contributions	142	782
Benefits paid	(773)	(2,955)
Return on plan assets (excluding interest income)	(2,350)	4,559
AT THE END OF THE YEAR	50,003	51,754

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

20. PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

	2018 £000	2017 £000
Cash and cash equivalents	1,788	1,723
Equity instruments	17,488	26,365
Government Bond/Liability Driven Investment instruments	14,994	10,762
Other debt instruments	12,308	8,136
Property	3,162	2,987
Other	263	1,781
TOTAL PLAN ASSETS	50,003	51,754

	2018 £000	2017 £000
Amounts recognised in the statement of financial position		
Fair value of plan assets	50,003	51,754
Present value of plan liabilities	(41,607)	(43,616)
Net amount recognised as assets excluding deferred tax	8,396	8,138

The amounts recognised in the statement of comprehensive income are as follows:

	2018 £000	2017 £000
Loss on plan changes, settlements and curtailments	(109)	-
Net interest income	210	54
Administration expenses	(96)	(146)
TOTAL CREDIT/(DEBIT) RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME	5	(92)
Remeasurements recognised in other comprehensive income		
Effect of changes in assumptions	2,675	1,308
Effect of experience adjustments	(214)	(95)
Return on plan assets (excluding interest income)	(2,350)	4,559
TOTAL RECOGNISED IN OTHER COMPREHENSIVE INCOME	111	5,772

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

20. PENSION COMMITMENTS (CONTINUED)

Reconciliation of net pension scheme asset is as follows:

	2018 £000	2017 £000
Opening net defined benefit asset	8,138	1,676
Cost relating to defined benefit plans included in statement of comprehensive income	5	(92)
Total remeasurements included in other comprehensive income	111	5,772
Employer contributions	142	782
CLOSING NET DEFINED BENEFIT ASSET	8,396	8,138

The Company expects to contribute £81,000 to its defined benefit pension scheme in the UK in 2019.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2018 %	2017 %
Discount rate	2.94	2.58
Rate of compensation increase	2.90	2.86
Inflation rate (RPI)	3.15	3.11
Inflation rate (CPI)	2.15	2.11
Rate of statutory pension increase in deferment	2.15	2.11
Mortality rates		
- for a male aged 65 now	23.0	23.1
- at 65 for a male aged 45 now	24.3	24.4
- for a female aged 65 now	24.9	25.0
- at 65 for a female member aged 45 now	26.4	26.5

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

20. PENSION COMMITMENTS (CONTINUED)

Defined contribution scheme

Prior to 1 August 2014, the group also operated a defined contribution scheme for employees who were not eligible or chose not to join the defined benefit scheme.

From 1 August 2014, the Company's defined benefit section of the pension scheme and the existing defined contribution plan were both closed to future benefit accrual. All future pension benefits from 1 August 2014 are provided under a new defined contribution section of the pension scheme. The Company made defined contribution payments of £931,000 during 2018 (2017 - £664,000).

21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Amounts payable		
Not later than 1 year	834	834
Later than 1 year and not later than 5 years	3,336	3,336
Later than 5 years	487	1,321
	<u>4,657</u>	<u>5,491</u>

22. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under FRS 102 Section 33 "Related Party Disclosures" not to disclose transactions between entities within the Marsh & McLennan Companies, Inc. Group (the "Group"), where no less than 100% of voting rights are controlled within the Group, whose consolidated financial statements are publicly available. There are no other transactions requiring disclosure.

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

23. POST BALANCE SHEET EVENT

In September 2018, the Company's ultimate parent company, Marsh & McLennan Companies, Inc. (NYSE: MMC), a global professional services firm offering clients advice and solutions in risk, strategy and people, announced that it had reached an agreement to acquire Jardine Lloyd Thompson Group plc (LSE: JLT), a leading provider of reinsurance and employee benefits related advice, brokerage and associated services.

The acquisition of JLT accelerates MMC's strategy to be the preeminent global firm in the areas of risk, strategy and people solutions. JLT's track record of strong organic growth and attractive geographic diversification enhance MMC's ability to accelerate growth and margin expansion across products and geographies.

Under the terms of the transaction, holders of JLT's common shares received cash consideration of 19.15 pounds per share. Total cash consideration equates to 5.6 billion U.S. dollars in fully diluted equity value, or an estimated enterprise value of 6.4 billion U.S. dollars. The transaction completed 1 April 2019 and the transaction was funded by a combination of cash on hand and proceeds from debt financing.

The Company however is not directly involved in the financing of this transaction and it is anticipated that it will not be affected by the integration and expansion of the combined business into the Marsh & McLennan Companies, Inc. group of operating companies.

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

24. PRIOR YEAR ADJUSTMENT

During 2017 an amount of £147,000 relating to the accrued national insurance on stock option awards was charged to the statement of comprehensive income in error. This amount should have been charged to intercompany receivables. This was subsequently identified in 2018 and the comparatives have therefore been restated to reflect this adjustment.

Also in the prior year an amount of £348,000 credit was incorrectly classified as creditors: amounts falling due after more than one year as deferred compensation, this amount relates to staff bonus accruals and therefore should have been classified as staff bonuses within creditors: amounts falling due within one year. A further restatement has therefore been made to correct this amount.

	Prior year adjustment £000	Restated 2017 £000	2017 as previously stated £000
Statement of Comprehensive Income			
Administrative expenses	147	(11,439)	(11,586)
Profit before tax	147	1,140	993
Tax on profit	(28)	(244)	(216)
Profit after tax	119	896	777
Statement of Financial Position			
Amounts owed by group undertakings	147	2,348	2,201
Corporation tax	(28)	(188)	(160)
Staff bonuses	(348)	(2,572)	(2,224)
Net current liabilities	(229)	(7,649)	(7,420)
Deferred compensation	348	(222)	(570)
Net liabilities	119	(52)	(171)
Equity			
As at 1 January 2017	-	(5,867)	(5,867)
Profit for the year	119	896	777
As at 31 December 2017	119	(52)	(171)

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

25. CONTROLLING PARTY

The Company's immediate parent company is National Economic Research Associates (Delaware), Inc., incorporate in the State of Delaware, USA. The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in the state of Delaware, USA.

The smallest and largest group in which the results of NERA UK Limited are consolidated is that headed by Marsh & McLennan Companies, Inc. The consolidated financial statements of Marsh & McLennan Companies, Inc. are available to the public and may be obtained from:

Companies House
Crown Way
Maindy,
Cardiff
CF14 3UZ

and also from:

The Company Secretary
MMC Treasury Holdings (UK) Limited
1 Tower Place West
Tower Place
London
EC3R 5BU