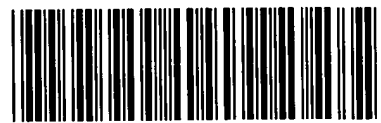

NERA UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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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

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NERA UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The directors present their Strategic Report for NERA UK Limited (the "Company") for the year ended 31 December 2020. 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 2019:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	Movement £'000	Movement %
Turnover	16,306	15,158	1,148	8%
Administrative expenses	(15,198)	(16,550)	1,352	8%
Profit/(Loss) before tax	1,197	(1,150)	2,347	204%
Net liabilities	(1,934)	(1,899)	(35)	(2%)

Turnover increased by £1,148,000 in 2020 due to the Company identifying opportunities within the UK market as a result of market conditions.

Total administration expenses decreased by £1,352,000 in 2020 primarily driven by a decrease in the need for services from other group companies.

The Company carries its own share 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 2020 of £4,478,000 (2019 - £5,387,000). The impact of this is seen as a charge in Other Comprehensive Income.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES

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

Asset risk

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 conduct 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 and 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 out its day-to-day business and service its clients' requirements. 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., Group (the "Group") and its global IT structure and there are business continuity plans in place.

Competitive risk

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 a counterparty will be unable to pay amounts in full when due, 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. 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 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.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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. The outsourcing risk is affected by the pandemic risk, Covid-19, described below.

Pandemic risk

Coronavirus: (Covid-19) is an example of a pandemic continuing to spread through contagion, but there is an end in sight with vaccination programmes, although the timing of these may be somewhat uncertain. The pandemic wreaks havoc for many companies, but there is an expectation that while the global economy may take time to recover and the shape of recovery may be uncertain, it will ultimately recover. The pace of such recovery in different geographic and economic zones is likely to vary. The Company has taken a considered approach to minimising and managing the impact of the pandemic and has well formulated contingency plans, which continues to evolve as changes to circumstances occur.

People risk

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 that the United Kingdom (UK) formally left the European Union ('EU') on 31 January 2020 and the subsequent "transition phase" ended on 31 December 2020. During this period, trade negotiations between the UK and EU resulted in a trade agreement in late 2020.

The Company has considered the key risks and impact to its business and operations following the end of the transition period and the content of the trade agreement and has taken steps to mitigate the key risks identified. As part of the Group's Brexit Operations Group that was established to co-ordinate activities within and across individual lines of business and across all functional areas to ensure that the Company was Brexit ready and responsive to client needs in the UK and the EU as well as risks and any uncertainty around standards of data protection and the storing and transfer of data between the UK and EU after Brexit on employees who are EU citizens, and the potential impact on the Company's suppliers. The Company is subject to local and international economic and political instability.

The risks and uncertainty of Brexit on the Belgium branch is considered insignificant as the level of activities are negligible.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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 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 possible.

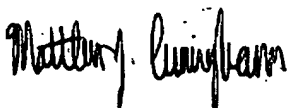
HEALTH, SAFETY AND ENVIRONMENT

The Company is responsible for the health, safety and welfare of its employees and contractors whilst working on behalf of the Company and for ensuring that its operations do not unnecessarily harm the environment.

Where reasonably practicable, the Company pursues progressive improvements in health & safety performance and ensures that the business is compliant with all applicable legislation. Directors and individual managers accept responsibility for people and areas under their control and integrate health and safety into everyday activities. They are committed to ensuring the competence of all employees through selection, instruction, training and supervision.

Management of health and safety standards is ensured through effective audit and action resolution and is supported by bespoke software to allow monitoring. Incident reporting, investigation and trend analysis ensures identified workplace hazards are corrected to prevent reoccurrence. Colleague consultation plays a key role and is achieved through the Group's UK Health and Safety Committee, comprised of representatives from across the businesses in the UK, including a representative of the Company. This committee reviews the Company's arrangements in place on a regular basis and works towards continuous improvement of health & safety standards.

This report was approved by the board on 27 July 2021 and signed on its behalf.



M J Cunningham
Director

NERA UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the the financial statements for the year ended 31 December 2020.

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 is 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 £1,003,000 (2019 - loss £1,028,000).

The directors do not recommend the payment of a final dividend (2019 - £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 no plans for a change in the principal activities of the Company or any intention to liquidate the Company in the foreseeable future. The directors acknowledge the Company's net current liability position of £5,563,000 (2019: £6,408,000) and have evaluated funding options available to the Company. Following this evaluation they are satisfied that any obligations can be met. These financial statements are therefore presented on a going concern basis.

The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic, and the directors are satisfied that the Company's services will continue to be attractive to clients.

Further details can be found in note 2.3 to the 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.

NERA UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

EMPLOYMENT POLICY

The Company is committed to equal opportunities for both existing employees and applicants seeking employment. It is the Company's policy to give appropriate consideration to applications for employment from disabled persons, having regards to their particular aptitudes and abilities. For the purpose of training, career development and promotion, disabled employees, including any who become disabled in the course of their employment, are treated on equal terms with other employees.

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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

COVID-19 UPDATE

On 11 March 2020, the World Health Organization declared the Coronavirus ("Covid-19") a pandemic. The Covid-19 pandemic has had an adverse effect on the Company's business operations to date, and as the situation continues to evolve, could have a material adverse effect on results of operations, cash flows and financial position.

Global health concerns relating to the ongoing Covid-19 pandemic and related government actions taken to reduce the spread of the virus have had a dramatic impact on the macroeconomic environment, and the outbreak continues to materially increase economic uncertainty and reduce economic activity.

The outbreak has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place or total lock-down orders and business limitations and shutdowns. Such measures have significantly contributed to decreased levels of business activity of our clients and the industries and markets that we serve. Governments around the globe have taken steps to mitigate some of the more severe anticipated economic effects of the virus, but there can be no assurance that such steps will be effective or achieve their desired results in a timely fashion.

The outbreak has adversely impacted and is likely to further adversely impact our workforce and operations and the operations of our clients, third-party vendors and business partners. The spread of Covid-19 has caused us to modify our business practices (including transitioning substantially all of our colleagues to a remote work environment, restricting colleague travel, developing social distancing plans for our colleagues and cancelling physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or as we determine are in the best interests of our colleagues, clients and business partners. There is no certainty how long such policies will remain in effect or that such measures will be sufficient to mitigate the risks posed by the virus or will otherwise be satisfactory to government authorities.

The ongoing impacts of Covid-19 may affect our ability to generate new business, our overall level of profitability and cash flow, and our liquidity due to a number of macroeconomic and operational factors. Such factors may include:

- a reduction in fees or commission due to lower demand for our services as clients cut back on expenses;
- the impact on our business model for delivering services to clients due to restrictions on travel and movement, guidance around social distancing; and the impact on profitability and margin of not achieving or maintaining adequate utilization and pricing rates;
- the timeliness and ultimate collectability of our receivables;
- failure of third parties upon which we rely to meet their obligations to us, or significant disruptions in their ability to meet those obligations in a timely manner, which may be caused by their own financial or operational difficulties; and
- the impact of an extended period of remote work arrangements on our business continuity plans, and our ability to continue to provide services to our clients.

There are no comparable recent events that provide guidance as to the effect the spread of Covid-19 as a global pandemic may have and, as a result, the ultimate impact of the outbreak is highly uncertain and subject to change. We do not yet know the full extent of the impacts on our business, our operations or the global economy as a whole.

Macroeconomic conditions, political events and other market conditions around the world affect our clients' businesses and the markets they serve. These conditions may reduce demand for our services or depress pricing for those services, which could have a material adverse effect on our results of operations. Changes in macroeconomic and political conditions could also shift demand to services for which we do not have a competitive advantage, and this could negatively affect the amount of business that we are able to obtain.

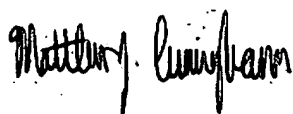
NERA UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

AUDITORS

The auditor, Deloitte LLP, have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the board on 27 July 2021 and signed on its behalf.



M J Cunningham
Director

NERA UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the the 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

NERA UK LIMITED

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 2020 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 27.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

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

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- The significant risk of fraud in revenue recognition, specifically pertaining to the work in progress (WIP) that represents unbilled revenue. The WIP recoverability is based on management judgement and is subject to potential override which makes it subject to risk of fraud.

In response to this risk we performed the following:

- o Evaluated and tested the design and implementation of the internal controls over the process of recording financial information relating to WIP;
- o Evaluated and tested a sample of WIP balances as at 31 December 2020 to invoices raised post year-end;
- o For a sample of those items not invoiced and not provided for, we inquired with management to understand the status of the engagement and likelihood of recoverability; and
- o Investigated WIP write-offs post year-end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit an in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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 has 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.

NERA UK LIMITED

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.



Claire Clough, ACA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London
United Kingdom

27 July 2021

NERA UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	16,306	15,158
Gross profit		16,306	15,158
Administrative expenses		(15,198)	(16,550)
Pensions loss on plan changes	24	(19)	-
Operating profit/(loss)	5	1,089	(1,392)
Interest receivable and similar income	9	1	1
Interest payable and similar expenses	10	(5)	(5)
Other finance income	11/24	112	246
Profit/(loss) before tax		1,197	(1,150)
Tax on profit/(loss)	12	(194)	122
Profit/(loss) for the financial year		1,003	(1,028)
Other comprehensive expense for the year			
Currency translation differences on consolidation of branch		(222)	185
Actuarial loss on benefit pension scheme	24	(972)	(3,245)
Deferred tax relating to actuarial gains	18	77	552
Other comprehensive expense for the year		(1,117)	(2,508)
Total comprehensive income/(expense) for the year		(114)	(3,536)

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 18 to 45 form part of these financial statements.

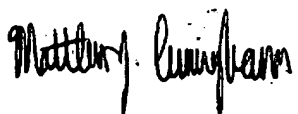
NERA UK LIMITED
REGISTERED NUMBER: 03974527

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	13	505	613
		<u>505</u>	<u>613</u>
Current assets			
Debtors: amounts falling due within one year	14	8,389	12,361
Cash at bank and in hand	15	8,330	4,153
		<u>16,719</u>	<u>16,514</u>
Creditors: amounts falling due within one year	16	(22,282)	(22,922)
Net current liabilities		<u>(5,563)</u>	<u>(6,408)</u>
Total assets less current liabilities		<u>(5,058)</u>	<u>(5,795)</u>
Creditors: amounts falling due after more than one year	17	(452)	(538)
Provisions for liabilities			
Deferred tax	18	(777)	(833)
Other provisions	19	(125)	(120)
		<u>(902)</u>	<u>(953)</u>
Pension asset	24	4,478	5,387
Net liabilities		<u><u>(1,934)</u></u>	<u><u>(1,899)</u></u>
Capital and reserves			
Called up share capital	20	-	-
Share premium account	21	241	241
Other reserves	21	809	730
Profit and loss account	21	(2,984)	(2,870)
		<u><u>(1,934)</u></u>	<u><u>(1,899)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2021.

M J Cunningham
Director



The notes on pages 18 to 45 form part of these financial statements.

NERA UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	-	241	730	(2,870)	(1,899)
Comprehensive income for the year					
Profit for the year	-	-	-	1,003	1,003
Currency translation differences	-	-	-	(222)	(222)
Actuarial losses on pension scheme	-	-	-	(972)	(972)
Deferred tax relating to items of other comprehensive profit	-	-	-	77	77
Other comprehensive expense for the year	-	-	-	(1,117)	(1,117)
Total comprehensive income for the year	-	-	-	(114)	(114)
Credit to equity for equity settled share based payments	-	-	79	-	79
Total transactions with owners	-	-	79	-	79
At 31 December 2020	-	241	809	(2,984)	(1,934)

The notes on pages 18 to 45 form part of these financial statements.

NERA UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	-	241	580	666	1,487
Comprehensive expense for the year					
Loss for the year	-	-	-	(1,028)	(1,028)
Currency translation differences	-	-	-	185	185
Actuarial losses on pension scheme	-	-	-	(3,245)	(3,245)
Deferred tax relating to items of other comprehensive profit	-	-	-	552	552
Other comprehensive expense for the year	-	-	-	(2,508)	(2,508)
Total comprehensive expense for the year	-	-	-	(3,536)	(3,536)
Credit to equity for equity settled share based payments	-	-	150	-	150
Total transactions with owners	-	-	150	-	150
At 31 December 2019	-	241	730	(2,870)	(1,899)

The notes on pages 18 to 45 form part of these financial statements.

NERA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 and directors' report on pages 1 to 8.

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 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review which forms part of the Strategic Report. The Strategic Report also describes the financial position of the Company; its cash flows and liquidity risk; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The Company meets its day-to-day working capital requirements from corporate cash balances. The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's services; (b) the exchange rate between sterling and foreign currencies; and (c) the Company's cost base. The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic, and the directors are satisfied that the Company's services will continue to be attractive to clients. The directors considered it was appropriate for the Company to perform additional procedures and analysis, specific to Covid-19, to consider whether these events and uncertainties cast significant doubt upon the Company's ability to continue as a going concern. This monitoring and analysis considered our business resilience and continuity plans and stress testing of liquidity and financial resources. The analysis modelled the financial impact assuming an increasing severity of impact in relation to revenue for a 12-month period so that the potential impact on profitability and liquidity could be assessed.

Having assessed the responses to their enquiries, including those related to Covid-19, and considered the available funding options for the Company's net current liability position of £5,563,000 (2019: £6,408,000) the directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months from the date of approval of the financial statements and, therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

All assets and liabilities of the branch are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at the opening rate are recognised in other comprehensive income.

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.

NERA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 INTEREST INCOME

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

2.8 FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.9 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 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.10 SHARE BASED PAYMENTS

The Company's ultimate parent company, Marsh & McLennan Companies, Inc., maintains multiple equity-settled share-based payment arrangements in the UK, under which employees are awarded grants of Stock Options, Save As You Earn (SAYE) awards, Stock Awards and Share Purchase Plans.

The Company also provides employees with the ability to purchase Marsh & McLennan Companies, Inc.'s ordinary shares at 95% of the current market value. The Company records an expense on the date the shares are purchased.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 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.

2.12 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	- over the shorter of remaining life of the lease or
improvements	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 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.13 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.

2.14 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 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.14 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.

2.15 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.

2.16 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 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The unwinding of the discount is recognised as an interest cost in profit or loss in the period it arises.

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

2.19 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 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.19 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.

2.20 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 2020**

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 directors do not consider any critical judgements, other than those involving estimations which are dealt with separately below, which have been made in the process of applying the Company's accounting policies which have significant effect on the amounts recognised in the financial statements.

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 24.

(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.

NERA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. TURNOVER

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

	2020 £000	2019 £000
Fee income	13,043	11,831
Management fee recharges	3,263	3,327
	<u>16,306</u>	<u>15,158</u>

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	6,643	5,764
Rest of Europe	4,303	4,258
Rest of the world	5,360	5,136
	<u>16,306</u>	<u>15,158</u>

5. OPERATING PROFIT/(LOSS)

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

	2020 £000	2019 £000
Depreciation of tangible fixed assets	129	140
Rentals under operating leases	866	761
Exchange differences	(419)	243
	<u></u>	<u></u>

6. AUDITOR'S REMUNERATION

	2020 £000	2019 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	41	77
	<u></u>	<u></u>

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

NERA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. EMPLOYEES

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

	2020 £000	2019 £000
Wages and salaries	8,907	7,817
Social security costs	1,196	1,197
Cost of defined benefit scheme	80	92
Cost of defined contribution scheme	490	660
	<u>10,673</u>	<u>9,766</u>

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

	2020 No.	2019 No.
Consultancy	53	48
Administration	17	19
	<u>70</u>	<u>67</u>

8. DIRECTORS' REMUNERATION

	2020 £000	2019 £000
Directors' emoluments	1,407	1,905
Pension and other retirement benefits	22	15
	<u>1,429</u>	<u>1,920</u>

During the year retirement benefits were accruing to 2 directors (2019 - 1) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to no directors (2019 - Nil) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £894,000 (2019 - £1,172,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 (2019 - £15,000).

NERA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. INTEREST RECEIVABLE

	2020 £000	2019 £000
Bank interest receivable	1	1
	<u>1</u>	<u>1</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £000	2019 £000
Unwinding of discount on provisions	5	5
	<u>5</u>	<u>5</u>

11. OTHER FINANCE INCOME

	2020 £000	2019 £000
Interest income on pension scheme assets	112	246
	<u>112</u>	<u>246</u>

NERA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. TAXATION

	2020 £000	2019 £000
CORPORATION TAX		
Current tax on profits/(losses) for the year	205	(181)
Adjustments in respect of previous periods	(13)	2
	<u>192</u>	<u>(179)</u>
FOREIGN TAX		
Foreign tax	(19)	57
	<u>(19)</u>	<u>57</u>
TOTAL CURRENT TAX	<u>173</u>	<u>(122)</u>
DEFERRED TAX		
Origination and reversal of timing differences	31	-
Changes to tax rates	(10)	-
	<u>21</u>	<u>-</u>
TOTAL DEFERRED TAX	<u>21</u>	<u>-</u>
TAXATION ON PROFIT/(LOSS)	<u>194</u>	<u>(122)</u>

NERA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit/(Loss) before tax	1,197	(1,150)
Profit/(Loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	227	(219)
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9	38
Adjustments to tax charge in respect of prior periods	(13)	2
Changes to tax rates	(10)	-
Foreign tax	(19)	57
TOTAL TAX CHARGE/(CREDIT) FOR THE YEAR	194	(122)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Following the Budget announcement on 3 March 2021 the UK Corporation Tax rate will be increased to 25% from 1 April 2023.

NERA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. TANGIBLE FIXED ASSETS

	Short-term leasehold improve. £000	Office furniture and equipment £000	Total £000
COST OR VALUATION			
At 1 January 2020	1,114	400	1,514
Additions	11	10	21
Disposals	-	(11)	(11)
At 31 December 2020	<u>1,125</u>	<u>399</u>	<u>1,524</u>
DEPRECIATION			
At 1 January 2020	565	336	901
Charge for the year on owned assets	115	14	129
Disposals	-	(11)	(11)
At 31 December 2020	<u>680</u>	<u>339</u>	<u>1,019</u>
NET BOOK VALUE			
At 31 December 2020	<u>445</u>	<u>60</u>	<u>505</u>
At 31 December 2019	<u>549</u>	<u>64</u>	<u>613</u>

14. DEBTORS

	2020 £000	2019 £000
DUE WITHIN ONE YEAR		
Trade debtors	3,516	4,545
Unbilled debtors	2,071	1,235
Amounts owed by group undertakings	2,179	5,984
Other debtors	64	94
Prepayments	346	349
Foreign tax	213	154
	<u>8,389</u>	<u>12,361</u>

NERA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. DEBTORS (CONTINUED)

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

15. CASH AND CASH EQUIVALENTS

	2020 £000	2019 £000
Cash at bank and in hand	8,330	4,153
	<u>8,330</u>	<u>4,153</u>

16. CREDITORS: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	-	194
Amounts owed to group undertakings	17,158	18,604
Amounts owed to group undertakings - tax	28	-
Corporation tax	205	75
Foreign tax	12	30
Other taxation and social security	1,254	682
Accruals and deferred income	3,625	3,337
	<u>22,282</u>	<u>22,922</u>

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

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

	2020 £000	2019 £000
Accruals and deferred income	452	538
	<u>452</u>	<u>538</u>

NERA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

18. DEFERRED TAX

	2020 £000	2019 £000
At beginning of year	833	1,385
Charged to profit or loss	21	-
Charged to other comprehensive income	(77)	(552)
AT END OF YEAR	777	833

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	(48)	(54)
Pension surplus	851	916
Short term timing difference	(26)	(29)
	777	833

Following enactment of the Finance Bill 2020 on 22 July 2020, the UK Corporation Tax rate (from 1 April 2020) has been maintained at 19% and has not reduced to 17% as previously legislated.

Deferred tax timing differences have been provided for at the enacted tax rate at the balance sheet date. The Budget announcement on 3 March 2021 included an increase in the UK Corporation Tax rate to 25% from 1 April 2023. If this tax rate had been substantively enacted at the balance sheet date, the deferred tax liability would be £245,000 higher.

There are no unrecognised deferred tax balances.

NERA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

19. PROVISIONS

	Dilapidation provision £000
At 1 January 2020	120
Charged to profit or loss	5
AT 31 DECEMBER 2020	125

The provision for dilapidations represents the cost that the Company has estimated that it is likely to incur on vacating its leased properties where there is a contractual obligation to remove leasehold improvements on expiration of the lease.

20. SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £1.00 each	100	100

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

21. RESERVES

Share premium account

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

Other reserves

Other reserves represents cumulative charges in respect of the Company's equity-settled share-based payments of £472,000. Additionally an amount of £337,000 is included in other reserves relating to an amount that was owed to a fellow Group subsidiary, Oliver Wyman Services Limited, which was waived during 2017.

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 2020**

22. SHARE BASED PAYMENTS

NERA UK Limited's ultimate parent company, Marsh & McLennan Companies, Inc., maintains multiple equity-settled share-based payment arrangements in the UK, under which employees are awarded grants of stock options and Save As You Earn (SAYE) awards, Shares Awards and Share Purchase arrangements (Share Purchase Plan and Share Incentive Plan).

Prior to 1 January 2006, Share Awards were classified as liabilities and measured at their respective grant date fair values. Prepaid compensation cost was recognised for the unearned portion of such awards. Upon implementation of FRS 20, such awards were adjusted to the respective accrued grant date fair values, with a liability to Marsh & McLennan Companies, Inc. The effect of forfeitures was recognised when they occurred and dividend equivalents were expensed in the period incurred. There has been no change to the treatment under FRS 102.

In addition, SAYE awards were not considered compensatory and there was no cost to the Company; therefore no expense was required to be recognised. Share Purchase Plan costs were accrued in the year of the grant.

From 1 January 2015, the Company has applied the requirements of Financial Reporting Standard 102. In accordance with the transitional provisions, FRS 102 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006. As no benefit is granted by the Company under the Share Incentive Plan, this plan does not fall under the scope of FRS 102.

23. CONTINGENT LIABILITIES

The Company participates in cash pooling agreements with banks. Each member of the pool indemnifies against all losses incurred as a result of the failure of any other pool member, limited to any net cash balance held in the pool. As at 31 December 2020 the Company had a total balance of £8,159,000 (2019: £3,889,000) in the pool. The other members of the pooling arrangements are companies fully owned by Marsh & McLennan Companies, Inc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. 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 2020 by a qualified actuary (who is employed within the Marsh & McLennan Companies, Inc. Group), based on membership data at 31 December 2019 for the Fund. The valuation made an approximate allowance since the date of the membership data to allow for known cashflows, inflation experience and the estimated effect of changes in assumptions.

The statutory funding objective is for the defined benefit plans to 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.

A statutory funding valuation was carried out during 2019 for the Fund. The Fund is in a surplus funding position and under the current agreement with the Trustee, no deficit funding is required until 2023. The funding level will be re-assessed during 2022 to determine if deficit contributions are required from 2023.

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.

NERA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. PENSION COMMITMENTS (CONTINUED)

Reconciliation of present value of plan liabilities:

	2020 £000	2019 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	49,548	41,607
Interest cost	1,026	1,210
Benefits paid	(751)	(776)
Loss from changes in assumptions and experience adjustments	6,442	7,507
Loss on plan changes	19	-
AT THE END OF THE YEAR	56,284	49,548

Composition of plan liabilities:

	2020 £000	2019 £000
Funded	55,426	48,790
Unfunded	858	758
TOTAL PLAN LIABILITIES	56,284	49,548

Reconciliation of present value of plan assets:

	2020 £000	2019 £000
At the beginning of the year	54,935	50,003
Administration expenses	(80)	(92)
Interest income	1,138	1,456
Contributions	50	82
Benefits paid	(751)	(776)
Return on plan assets (excluding interest income)	5,470	4,262
AT THE END OF THE YEAR	60,762	54,935

NERA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

	2020 £000	2019 £000
Cash and cash equivalents	456	354
Equity instruments	21,551	19,974
Government Bond/Liability Driven Investment instruments	17,181	13,329
Other debt instruments	18,419	18,079
Real estate	3,028	3,164
Other	127	35
TOTAL PLAN ASSETS	60,762	54,935

	2020 £000	2019 £000
Amounts recognised in the statement of financial position		
Fair value of plan assets	60,762	54,935
Present value of plan liabilities	(56,284)	(49,548)
Net amount recognised as assets excluding deferred tax	4,478	5,387

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

	2020 £000	2019 £000
Loss on plan changes, settlements and curtailments	(19)	-
Net interest income	112	246
Administration expenses	(80)	(92)
TOTAL RECOGNISED IN THE PROFIT AND LOSS	13	154
Remeasurements recognised in other comprehensive income		
Effect of changes in assumptions	(7,238)	(6,867)
Effect of experience adjustments	796	(640)
Return on plan assets (excluding interest income)	5,470	4,262
TOTAL RECOGNISED IN OTHER COMPREHENSIVE INCOME	(972)	(3,245)

NERA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. PENSION COMMITMENTS (CONTINUED)

Reconciliation of net pension scheme asset is as follows:

	2020	2019
	£000	£000
Opening net defined benefit asset	5,387	8,396
Cost relating to defined benefit plans included in statement of comprehensive income	13	154
Total remeasurements included in other comprehensive income	(972)	(3,245)
Employer contributions	50	82
CLOSING NET DEFINED BENEFIT ASSET	4,478	5,387

The Company expects to contribute £117,000 to its defined benefit pension scheme in the UK in 2021.

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

	2020	2019
	%	%
Discount rate	1.45	2.09
Rate of compensation increase	2.92	2.80
Inflation rate (RPI)	2.78	2.73
Inflation rate (CPI)	2.24	2.11
Rate of statutory pension increase in deferment	2.24	2.11
Mortality rates		
- for a male aged 65 now	23.4	23.6
- at 65 for a male aged 45 now	24.6	24.7
- for a female aged 65 now	25.3	25.4
- at 65 for a female member aged 45 now	26.3	26.6

NERA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

24. 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 £600,000 during 2020 (2019 - £387,000).

25. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Amounts payable		
Not later than 1 year	909	834
Later than 1 year and not later than 5 years	2,348	2,989
	<u>3,257</u>	<u>3,823</u>

26. 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.

NERA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

27. CONTROLLING PARTY

The Company's immediate parent company is National Economic Research Associates (Delaware), Inc., incorporated 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
Cardiff
CF14 3UZ

and also from:

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