

Company Registration No: 02995605

OLIVER WYMAN LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2017



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2017**

CONTENTS

	Page
STRATEGIC REPORT	1
DIRECTORS' REPORT	4
STATEMENT OF DIRECTORS' RESPONSIBILITIES	6
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLIVER WYMAN LIMITED	7
STATEMENT OF COMPREHENSIVE INCOME	10
STATEMENT OF CHANGES IN EQUITY	11
STATEMENT OF FINANCIAL POSITION	13
NOTES TO THE FINANCIAL STATEMENTS	14

STRATEGIC REPORT

The directors present their Strategic Report for Oliver Wyman Limited (the “Company”) for the year ended 31 December 2017. The Company’s registration number is 02995605.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is management consultancy. The UK Company and its branches in Saudi Arabia, Abu Dhabi and India operate in a global capacity providing consulting services to many of the world’s leading financial services’ organisations and other companies on strategic matters and risk management.

The Company’s key financial and other performance indicators during the year were as follows:

	2017	Restated 2016	Movement
	£ million	£ million	£ million
Turnover	392.8	234.2	158.6
Operating profit	8.1	5.8	2.3
Interest receivable and other income	2.3	9.0	(6.7)
Interest payable and similar charges	1.8	0.1	(1.8)
Profit/ (Loss) before tax	8.6	(1.3)	9.9
Shareholders' funds	136.8	148.9	(12.1)

The turnover increase of £158.6 million in the year is mainly attributed to increased demand for services to overseas group entities, which increased revenue by £129.7 million. Turnover in the UK increased by £28.9 million.

Operating profit of the Company has increased in 2017 by £2.3 million compared to last year. The main reason is the significant improvement in the Saudi Arabia branch performance, which has resulted in an increase of £1.1 million compared to last year due to lower subcontracting cost during the year. This increase in the operating profit of the Saudi Arabia branch is supplemented by better contribution of UK operations by £0.7m and also other branches by £0.5m.

Interest receivable and other similar income has decreased by £6.7 million. The main reason being the impact of foreign exchange on a USD denominated balance and also the decrease in dividend income. In the prior year, the USD balance resulted in a foreign exchange gain of £4.3million, compared to a foreign exchange loss of £1.7 million in 2017. The dividend from a subsidiary Oliver Wyman S.L (Spain) is £2.2 million in 2017 compared to £4.0 million in 2016. The remaining variance is mainly due to lower interest income in 2017 on plan assets for pensions.

The Company’s profit before tax has increased by £9.9 million from £1.3 million loss in 2016 to £8.6 million profit in 2017. The 2016 loss before tax of £1.3 million however included £16.0 million of impairment losses, and when taking this into account, the true year on year movement is a reduction in profit before tax of £6.1 million primarily caused by the reduction in interest receivable and similar income of £6.7 million mentioned above.

The decrease in shareholders’ funds of £12.1 million is mainly due to a dividend payment of £35.0 million during the year and foreign exchange losses of £0.1million on translation of foreign branches. This is offset by the net profit during the year of £8.2 million, gain on remeasurements of pension schemes amounting of £11.6 million (net of deferred tax) and a credit relating to share-based payments of £3.2 million.

We continue to develop our intellectual capital and deepen our core business expertise in banking, insurance, actuarial consulting, strategic IT and risk management. We believe that these areas of expertise will allow us to provide value-added service to our clients. We continue to leverage our sales’ channels with sister companies within the Marsh & McLennan, Inc. Group and offer bespoke consulting advice to address client issues. We believe the outlook remains positive despite the uncertainty within the global economy and with the UK leaving the EU.

STRATEGIC REPORT (continued)

ENVIRONMENT

The Company is responsible for the health, safety and welfare of its employees 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 Companies 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal business risks to the Company are explained below:

1. There is always the inherent risk of losing out to competitors during bidding processes. This has the implication of ultimate revenue loss. This risk is managed by ensuring that the level of work invested at the bidding stages is thorough and comprehensive to win potential contracts; Management are, however, aware of external factors that can affect potential contracts beyond the control of Company practices.
2. Costs overrun on projects; our financial systems are designed to specifically monitor work in progress and all practice groups monitor revenue and cost globally on a monthly, quarterly and yearly basis to ensure costs are kept in check with agreed budgets.
3. Failure to identify, hire, train and retain talented employees who share our values could have a negative effect on our reputation and our business. Human Resources’ processes are however designed to maintain the quality of our workforce.
4. Client contract terms may expose the business to legal liability for breach of contract. Our ability to negotiate improved terms may be limited when contracting with public bodies. The risk is managed through rigorous contract review procedures and negotiation of contract amendments where appropriate.
5. We derive a proportion of our revenue from work performed by external contractors. Control over external contractors may be more limited than internal resources and poor performance could damage our reputation, result in a reduction of the amount of our work under, or termination of, client contracts, and prejudice future work opportunities. Risks from subcontractor underperformance are managed through well-established subcontracting processes including due diligence of new subcontractors.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risks are that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due or that significant customer accounts receivable are not fully recovered.

The most important components of financial risk are; interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company’s business and the assets and liabilities contained within the Company’s balance sheet the only financial risks the directors consider relevant to this company are credit risk, currency risk and liquidity risk.

The Company has a strong liquid asset position with £97.1 million of cash and is not reliant on funding from third parties. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertainty introduced by Brexit. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

STRATEGIC REPORT (continued)

Availability of IT systems

The Company has a number of Information Technology (IT) systems in order to carry on its day-to-day business and services 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.'s global IT structure and there are business continuity plans in place.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main area where the Company is exposed to credit risk is in relation to the amounts due from its client base. These risks are mitigated by credit control procedures and the generally diverse client base, although individual client balances can be material. A provision of £9.0 million is held at 31 December 2017.

Currency risk

The Company is exposed to currency risk in respect of revenue as well as assets and liabilities denominated in currencies other than Pounds Sterling. The most significant currencies to which the Company is exposed are the US Dollar and Euro. 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.

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 has 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.

By order of the Board



J-P D'Offay
Director

28 September 2018

Oliver Wyman Limited
1 Tower Place West
Tower Place
London
EC3R 5BU

DIRECTORS' REPORT

The directors present their annual report and audited financial statements of Oliver Wyman Limited ("the Company") for the year ended 31 December 2017. The Company's registration number is 02995605.

DIRECTORS

The current directors of the Company and those who served throughout the year under review, are as follows:

M J Cunningham
J-P D'Offay
T S McDonald
D G Taliente

RESULTS AND DIVIDENDS

The results of the Company for the year are shown on page 10. The profit for the year was £8,146,000 (2016: loss, £2,065,000).

DIVIDENDS

The directors recommended the payment of an interim 2017 dividend of £35,000,000 (2016: £nil). During the year, the Company received a net dividend of £2,163,000 (2016: £4,045,000) from its subsidiary undertaking, Oliver Wyman S.L ("Oliver Wyman Spain").

FUTURE DEVELOPMENTS

It is anticipated that the activities of the Company will continue along similar lines for the foreseeable future.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 1 January 2018, the Company acquired the entire issued share capital and business of Draw Group London Limited (and subsidiaries Draw Create Limited and Draw Connect Limited). The purchase consideration is £4,025,000 fixed and £2,900,000 estimated future contingent consideration.

On 1 March 2018, the Company acquired the entire issued share capital and business of 8works Ltd (and US subsidiary 8works Inc.). The purchase consideration was £1,859,261 fixed and £960,000 estimated future contingent consideration.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 to the financial statements.

EMPLOYEE CONSULTATION

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)

DIVERSITY AND INCLUSION

The Company embraces a diverse and inclusive culture. The directors believe that, in order to deliver the best solutions to clients, the Company's workforce should reflect the local community in which it operates.

MODERN SLAVERY ACT

The Company has a longstanding commitment to conducting business in a responsible and ethical way, in accordance with its Code of Conduct, 'The Greater Good'. The Company is also committed to fulfilling its obligations under the Modern Slavery Act 2015. In support of this the Company has introduced a program to raise awareness amongst all UK colleagues to ensure that they are mindful of the risks of modern day slavery.

PAYMENTS FOR CHARITABLE PURPOSES

Donations to charitable organisations in the United Kingdom totalled £78,069 (2016: £44,683).

INDEMNITY

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 AUDITOR

Each of the persons who is a director of the Company at the date of approval of this report confirms 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 he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

AUDITOR

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.

Approved by the Board of Directors and signed on its behalf by:



J-P D'Offay
Director

28 September 2018

Oliver Wyman Limited
1 Tower Place West
Tower Place
London
EC3R 5BU

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve 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 year.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper 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 OLIVER WYMAN LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 of Oliver Wyman Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position; 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 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 OLIVER WYMAN 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLIVER WYMAN LIMITED (continued)

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.

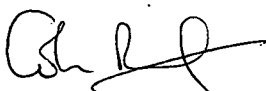
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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.



Colin Rawlings, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 Sept 2018

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

			Restated
	Notes	2017	(Note 20)
		£'000	£'000
TURNOVER	2	392,751	234,172
Administrative expenses		(384,627)	(228,422)
OPERATING PROFIT		8,124	5,750
Impairment of investment		-	(15,983)
Interest receivable and similar income	3	2,336	8,952
Interest payable and similar charges	4	(1,875)	(54)
PROFIT/(LOSS) BEFORE TAX	5	8,585	(1,335)
Tax on profit/(loss)	7	(439)	(730)
PROFIT/(LOSS) FOR THE YEAR		8,146	(2,065)
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) in respect of pension schemes	16	14,000	(9,270)
Deferred tax relating to actuarial gains and losses	8	(2,380)	1,576
Effect of changes in deferred tax rate	8	-	136
(Loss)/gain on foreign currency translation differences arising from branches		(60)	1,137
TOTAL COMPREHENSIVE INCOME / (LOSS)	23	19,706	(8,486)

All transactions derive from continuing operations.

The information on pages 14 to 35 forms an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Note	Share Capital £'000	Capital contribution £'000	Restructuring reserve £'000	Restated (note 20) Profit and loss £'000	Restated (note 20) Total £'000
As at 1 January 2017		5,501	12,857	11,277	122,968	152,603
Restatement (note 20)		-	-	-	(3,670)	(3,670)
As at 1 January 2017 (restatement)		5,501	12,857	11,277	119,298	148,933
Profit for the financial year		-	-	-	8,146	8,146
Total remeasurements in respect of pension schemes	16	-	-	-	14,000	14,000
Deferred tax relating to actuarial gains and losses	8	-	-	-	(2,380)	(2,380)
Foreign currency translation differences arising from branches		-	-	-	(60)	(60)
Total comprehensive gain		-	-	-	19,706	19,706
Dividend paid					(35,000)	(35,000)
Credit to equity for equity settled share-based payments	17	-	3,182	-	-	3,182
As at 31 December 2017		5,501	16,039	11,277	104,004	136,821

The information on pages 14 to 35 forms an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2017

	Notes	Share Capital £'000	Capital contribution £'000	Restructuring reserve £'000	Restated (note 20) Profit and loss £'000	Restated (note 20) Total £'000
As at 1 January 2016		5,501	10,366	11,277	127,784	154,928
Loss for the financial year		-	-	-	(2,065)	(2,065)
Total remeasurements in respect of pension schemes	16	-	-	-	(9,270)	(9,270)
Deferred tax relating to actuarial gains and losses	8	-	-	-	1,576	1,576
Effect of changes in deferred tax rate	8	-	-	-	136	136
Foreign currency translation differences arising from branches		-	-	-	1,137	1,137
Total comprehensive loss		-	-	-	(8,486)	(8,486)
Credit to equity for equity settled share-based payments	17	-	2,491	-	-	2,491
As at 31 December 2016		5,501	12,857	11,277	119,298	148,933


The information on pages 14 to 35 forms an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	Notes	2017 £'000	Restated (Note 20) 2016 £'000
FIXED ASSETS			
Intangible fixed assets	9	646	390
Tangible fixed assets	10	1,214	2,329
Fixed asset investments	11	23,315	19,791
		<u>25,175</u>	<u>22,510</u>
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	12	26,428	28,164
Debtors: amounts falling due within one year	13	149,178	127,128
Cash at bank and in hand		97,060	83,131
		<u>272,666</u>	<u>238,423</u>
Creditors: amounts falling due within one year	14	(179,623)	(114,725)
NET CURRENT ASSETS		<u>93,043</u>	<u>123,698</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>118,218</u>	<u>146,208</u>
Creditors: amounts falling due after more than one year	15	(1,883)	(2,118)
NET ASSETS EXCLUDING RETIREMENT BENEFITS ASSETS AND LIABILITIES		<u>116,335</u>	<u>144,090</u>
Net pension asset	16	20,486	4,843
NET ASSETS INCLUDING RETIREMENT BENEFITS ASSETS AND LIABILITIES		<u>136,821</u>	<u>148,933</u>
CAPITAL AND RESERVES			
Called up share capital	18	5,501	5,501
Capital contribution	23	16,039	12,857
Restructuring reserve	23	11,277	11,277
Profit and loss account	23	104,004	119,298
SHAREHOLDERS' FUNDS		<u>136,821</u>	<u>148,933</u>

The financial statements of Oliver Wyman Limited (registered number 02995605) were approved by the Board of Directors and authorised for issue on *28 September* 2018.

They were signed on its behalf by:


 J-P D'Offay
 Director
28 September 2018

The information on pages 14 to 35 forms an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Oliver Wyman Limited is a company incorporated in the United Kingdom under the Companies Act, 2006 and registered in England and Wales. The address of the registered office is given on page 3. Oliver Wyman Limited is a private company limited by shares. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard (FRS 102) issued by the Financial Reporting Council.

The functional currency of Oliver Wyman Limited other than its branches is considered to be Pounds Sterling because this is the currency of the primary economic environment in which the Company operates. The functional currencies of the branches are Rupees for the India branch, UAE Dirham for the Abu Dhabi branch and Riyal for the Saudi Arabia branch. Oliver Wyman Limited is a private company limited by shares.

Oliver Wyman Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of:

- the presentation of a statement of cash flows and related notes;
- disclosure of inter-group transactions within the wholly-owned group;
- exposure to and management of financial risks;
- categories of financial instruments;
- Share-based payments; and
- key management personnel.

Shareholders have been notified in writing and do not object to the disclosure exemptions. The group consolidated financial statements of Marsh & McLennan Companies Inc. can be obtained from the address listed in note 25.

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; and (b) the Company's cost base. The Company continues to monitor the uncertainty in the current economic and business environment, and the directors are satisfied that the Company's services will continue to be attractive to clients.

The Company's forecasts and projections show that the Company should be able to generate positive cash flows for the foreseeable future.

The directors acknowledge the latest guidance on going concern. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue 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 year can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

(ii) Investment income

Investment income is recognised on an accruals basis using the effective interest rate method.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments that are classified as payable or receivable within one year and which meet the below conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. The intangible assets which are in place have a useful life of 3 to 5 years.

Software development costs are recognised as an intangible asset and amortisation is charged, using the straight-line method.

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations affected prior to the date of transition.

Tangible fixed assets

Tangible fixed assets are shown at original historical cost less accumulated depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over their estimated useful lives, as follows:

Short term leasehold Improvements	Over the remaining life of the lease, limited to a period not exceeding 10 years
Fixtures, Fittings and equipment	3 to 10 years
Computer equipment	3 to 5 years

Unbilled debtors

Unbilled debtors represent work in progress (WIP). The WIP balance represents unbilled revenues which must be assessed for recoverability and provided against where appropriate. WIP is stated at the lower of cost and net realisable value and comprises direct labour costs and those overheads that have been incurred in bringing WIP to its present condition. WIP is calculated by means of a time recording system, the net realisable value represents the estimated selling price less all estimated costs of completion.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing commitments

Rentals paid under operating leases are charged on a straight-line basis over the lease term, even if payments are not made on such basis.

Investments

Fixed asset investments are shown at cost less provisions for any impairment. Impairment is measured by comparing the carrying value of the asset with its future discounted cash flow and its market value. Those held as current assets are stated at the lower of cost and net realisable value.

Impairments

Assets, other than those measured at fair value, are assessed for indicators of impairment at each date of the statement of financial position. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired 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.

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the statement of the financial position where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the date of the statement of financial position. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Retirement benefits

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account.

The net interest cost on the net defined benefit liability is shown within finance costs.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each date of the statement of financial position.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Regular valuations are prepared by an independent professionally qualified actuary employed within the Marsh & McLennan Companies, Inc. group. The independent professionally qualified actuary determine the level of contributions required to fund the benefits set out in the rules of the plans and allows for the periodic increase of pensions in payment. The regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, is charged to operating profit in the year.

A credit representing the expected return on the assets of the retirement benefits schemes during the year is included within other finance income. This is based on the market value of the assets of the schemes at the start of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits (continued)

A charge representing the expected increase in the liabilities of the retirement benefit schemes during the year is included within other finance income. This arises from the liabilities of the schemes being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the statement of financial position net of deferred tax. The asset figure disclosed reflects the fair value of assets (i.e. bid value where available) plus the amount held in the Trustee's bank account at the date of the statement of financial position. The liabilities of the Fund are measured using the project unit method.

Differences between actual and expected returns on assets during the year are recognised in the statement of comprehensive income, together with differences arising from changes in assumptions.

The MMC UK Pension Fund is a Trust based scheme, hence the assets are held separately from the Employer. Allowance has been made in the pension disclosure for unapproved unfunded pension benefits that cannot be provided through the MMC UK Pension fund.

For defined contributions schemes, the amount charged to profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments on the statement of financial position.

The pension scheme surplus is included on the Company's statement of financial position. Surpluses are only included to the extent they are recoverable through reduced contributions in the future through refunds from the scheme.

Foreign exchange

All foreign currency monetary assets and liabilities are recorded at the rate of exchange prevailing at the date of the statement of financial position. Transactions in foreign currencies are recorded at the dates of transactions. Translation gains or losses also occur on the incorporation of the foreign branches. Translation gains or losses arising during the year are included in the profit and loss account.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective rate, except for the short-term receivables when the recognition of interest would be immaterial.

Dividends

Dividends payable are accounted for when declared.

Share-based payment

The Company issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment (continued)

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each date of the statement of financial position for cash-settled 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.

Critical accounting judgements and key source 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 ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Company's accounting policies

The following critical judgements, 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.

(i) Impairment review of fixed assets investments

The Company has an annual process of reviewing its fixed asset investments for indicators of impairment. Areas of critical judgement include estimates of future discount rates, future earnings and consideration of whether there is a willing buyer in the market for these investments.

Impairment and impairment reversals are measured by comparing the carrying value of the asset with its future discounted cash flow. Any impairments that have subsequently been reversed are capped to their historical acquisition cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty

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

(i) Pension actuarial assumptions

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 16.

(ii) Allowance for doubtful debts

The allowances are recognised against doubtful trade receivables for estimated irrecoverable amounts determined based on the age of the receivable and by reference to the past default experience of the counterparty and an analysis of the counterparty's current financial position.

As at the date of the statement of financial position, trade receivables held by a branch of the Company included £6.3m due from a single counterparty which is now over a year overdue. The Company has recognised an allowance for this balance although the directors are actively pursuing its recovery. A further balance that is now over one year old of £2.3m from another customer of the branch has not been provided for as it is expected to be received. This represents a key source of estimation uncertainty.

(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 calculates the WIP provision based on a historical run rate (“HRR”) of WIP write-offs for the previous six months. This generates a provision which is reviewed for reasonableness by management and manually adjusted if deemed necessary.

(iv) 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.

2. TURNOVER

The Company operates two types of turnover, namely the provision of management advice and other management fee recharges to other group companies. The Company had geographical turnover as follows:

	2017	2016
	£'000	£'000
Fee income:		
UK	168,363	143,860
Middle East	184,806	57,328
India	4,584	2,399
Total fee income	357,753	203,587
Management fee recharges to other group companies:		
UK	34,998	30,585
Total turnover	392,751	234,172

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£'000	£'000
Foreign exchange gains	-	4,260
Dividend received	2,163	4,045
Net finance income relating to pension scheme	153	544
Interest receivable on bank deposits	20	103
	<u>2,336</u>	<u>8,952</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£'000	£'000
Foreign exchange loss	1,736	-
Other interest payable	139	54
	<u>1,875</u>	<u>54</u>

5. PROFIT/(LOSS) BEFORE TAX

	2017	2016
	£'000	£'000
Profit/(loss) before tax is stated after charging:		
Depreciation of tangible fixed assets	1,132	1,272
Operating Leases		
Land and buildings	4,499	4,492
Other operating leases	261	136
Audit fees	<u>79</u>	<u>131</u>

The audit fee and annual filing fees relate to the auditing of the financial statements. The audit fee attributable to the Company is £79,000 (2016: £131,000).

6. STAFF COSTS

Particulars of employees (including executive directors) are as shown below:

	2017	2016
	£'000	£'000
Wages and Salaries	99,660	94,465
Social Security costs	14,011	11,741
Other pension costs	6,641	6,012
	<u>120,312</u>	<u>112,218</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

6. STAFF COSTS (continued)

	2017 Number	2016 Number
The average number of persons employed during the year was:		
Consulting	383	378
Management and administration	190	174
	<u>573</u>	<u>552</u>

Directors' remuneration was paid in respect of directors of the Company as follows:

	2017 £'000	2016 £'000
Emoluments	<u>5,620</u>	<u>4,659</u>

Directors' remuneration shown above included the following for the highest paid director:

	2017 £'000	2016 £'000
Emoluments	<u>3,651</u>	<u>2,813</u>

In 2017 the highest paid director was not awarded a deferred bonus (2016: £182,592).

The highest paid director exercised 2,023 (2016: nil) share options in the year.

The highest paid director received 28,499 (2016: 16,127) share awards during the year.

The emoluments shown above reflect the total emoluments received by the directors for services relating to the Company and other companies in the Marsh & McLennan Companies, Inc., Group (the "Group") during the year under review. The directors' emoluments disclosed above are not allocated to a Group company in receipt of an individual's specific service. Emoluments are paid by the directors' employing company within the Group and subsequently recharged to the Company.

Where the Company's directors are in receipt of share-based payments and awards as part of their overall remuneration, these are disclosed in the financial statements of their employing company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

7. TAX ON PROFIT/(LOSS)

(a) Analysis of total tax charge for the year

The standard rate of tax applied to reported profit is 19.25% (2016: 20%)

	2017	Restated 2016
	£'000	£'000
Tax on profit/(loss) comprises:		
Current tax:		
UK corporation tax	(315)	-
Overseas tax	1,739	819
Adjustment in respect of prior years	(121)	1,229
Adjustment in respect of prior years – foreign tax	608	-
Total current tax	<u>1,911</u>	<u>2,048</u>
Deferred tax:		
Origination and reversal of timing differences	(1,436)	(1,494)
Impact of change in rate of tax	-	107
Adjustment in respect of prior years	(36)	69
Total deferred tax	<u>(1,472)</u>	<u>(1,318)</u>
Total tax charge	<u>439</u>	<u>730</u>

(b) Factors affecting the tax charge for the year

The tax charge (2016: charge) for the year of £439,000 (2016: £730,000) is lower (2016: higher) than that resulting from applying the standard rate of UK corporation tax.

	2017	Restated 2016
	£'000	£'000
The differences are explained as follows:		
Profit/(loss) before tax	<u>8,585</u>	<u>(1,335)</u>
Tax on profit/(loss) at the standard UK corporation tax rate of 19.25% (2016: 20%)	1,652	(267)
Effects of:		
Expenses not deductible for tax purposes	(957)	1,076
Net overseas tax	(122)	(725)
Impairment of investments	-	3,076
Share schemes	(113)	(490)
Income not taxable for tax purposes	(416)	(4,756)
Tax rate differential	(56)	335
Adjustment in respect of prior years – current tax	(121)	1,229
Adjustment in respect of prior years – deferred tax	(36)	69
Adjustment in respect of prior years – overseas tax	608	-
Current year group relief for nil consideration	-	1,183
Total tax charge for the year	<u>439</u>	<u>730</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

8. DEFERRED TAX

Analysis of the deferred tax asset is as follows:

	2017	2016
	£'000	£'000
Movements on the deferred tax account were as follows:		
At 1 January	2,082	(948)
Income statement:		
Current year credit	1,436	1,494
Prior year adjustment	36	(69)
Foreign exchange translation	(138)	-
Impact of change in tax rate	-	(107)
Other comprehensive income:		
Movements in net pension and post-retirement liability	(2,380)	1,712
At 31 December	<u>1,036</u>	<u>2,082</u>
Analysis of deferred tax asset		
	2017	2016
	£'000	£'000
Depreciation in advance of capital allowances	517	300
Short-term timing differences	3,111	2,605
Pensions and post-retirement benefits	(3,301)	(823)
Net operating losses	709	-
	<u>1,036</u>	<u>2,082</u>

Deferred timing differences have been provided for at tax rates substantively enacted at the date of the statement of financial position which will apply when the timing differences are expected to reverse. The tax rates substantively enacted at the date of the statement of financial position are 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

9. INTANGIBLES

	Goodwill	Other intangibles	Total
	£'000	£'000	£'000
Cost			
At 1 January 2017	390	-	390
Additions	-	427	427
At 31 December 2017	390	427	817
Accumulated depreciation			
At 1 January 2017	-	-	-
Charge for the year	78	93	171
At 31 December 2017	78	93	171
Net book value			
At 31 December 2017	312	334	646
At 31 December 2016	390	-	390

Goodwill arising on acquisition of a business is capitalised and amortised over the business' estimated life. Goodwill relates to asset purchase agreement with LShift Limited on 1 December 2016. LShift Limited provides software development and information technology consulting services which is being amortised over a five year period.

In August 2017, the Company acquired a book of business, website, and regulatory licence from an aviation consultancy business (AVISA Aviation Safety Ltd). The purchase consideration was £157,000. The intangible is amortised over five years. A second acquisition was made in February 2017 of a website from Diliger Research of £270,000 and is amortised over three years.

In the opinion of the directors the carrying value of intangibles does not require any impairment during the year.

10. TANGIBLE FIXED ASSETS

	Short-term leasehold improvements	Fixtures, fittings, and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2017	8,781	1,931	829	11,541
Additions	-	60	2	62
Disposals	-	(49)	-	(49)
Foreign exchange translation	4	5	8	17
At 31 December 2017	8,785	1,947	839	11,571
Accumulated depreciation				
At 1 January 2017	7,106	1,380	726	9,212
Charge for the year	872	172	88	1,132
Foreign exchange translation	3	4	6	13
At 31 December 2017	7,981	1,556	820	10,357
Net book value				
At 31 December 2017	804	391	19	1,214
At 31 December 2016	1,675	551	103	2,329

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

11. FIXED ASSET INVESTMENTS

	£'000
Cost	
At 1 January	35,774
Additions	3,524
At 31 December 2017	<u>39,298</u>
Provisions for impairment	
At 1 January 2017 and 31 December 2017	<u>(15,983)</u>
Net book value	
At 31 December 2017	<u>23,315</u>
At 31 December 2016	<u>19,791</u>

During the year the company acquired 325,682 numbers of series A preferred shares in 10x Future Technologies Holdings Limited.

Company	Principal activity	Class of share and percentage held and voting rights (directly * or indirectly)	Registered Office Address
Oliver Wyman Energy Holdings Limited	Dormant	Ordinary (81.7%) * A Ordinary (18.3%)	1Tower Place West, Tower Place, London, EC3R 5BU, United Kingdom
Oliver Wyman Energy Group Limited	Dormant	Ordinary (100%)	1Tower Place West, Tower Place, London, EC3R 5BU, United Kingdom
Oliver Wyman Energy Consulting Limited	Management Consulting	Ordinary (100%) *	1Tower Place West, Tower Place, London, EC3R 5BU, United Kingdom
Oliver Wyman Energy US Limited	Dormant	Ordinary (100%)	1Tower Place West, Tower Place, London, EC3R 5BU, United Kingdom
Oliver Wyman sp. Z o.o.	Management Consulting	Ordinary (100%)	Nimbus, Al. Jerozolimskie 98 00-807 Warsaw Poland
Oliver Wyman SNC	Management Consulting	Common (0.003%) *	1 Rue Euler 75008 Paris, France
Oliver Wyman S.L.	Management Consulting	Ordinary (48%) *	Paseo Castellana, 216, 28046 Madrid, Spain
Oliver Wyman FZ-LLC	Management Consulting	Ordinary (100%)	Arjaan Office Building 11th Floor Dubai Media City Area 500525 UAE Dubai
Oliver Wyman Consulting Limited	Management Consulting (in liquidation)	Ordinary (100%)	2 Chawley Park, Cumnor Hill, Oxford, OX2 9GG
Factern Limited	Management Consulting	Ordinary (47.5%) *	55 Baker Street 3rd Floor South, London, W1U 8EW United Kingdom

Following an impairment review, no provision against the carrying value of investments was required.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

12. DEBTORS: Amounts falling due after more than one year

	2017	2016
	£'000	£'000
Amount owed by parent company	26,428	28,164

13. DEBTORS: Amounts falling due within one year

	2017	2016
	£'000	£'000
Trade debtors	84,448	47,994
Amounts owed by group companies	27,187	40,932
Other debtors	4,067	2,564
Deferred tax (note 8)	3,012	2,082
Overseas tax	1,518	406
Amounts due from group companies in respect of tax	315	321
Prepayments and accrued income	28,631	32,829
	149,178	127,128

The amount £722,000 has been reclassified from Accruals and deferred income to Amounts owed by group companies in 2016 to more fully reflect the nature of the balance.

14. CREDITORS: Amounts falling due within one year

	2017	Restated (note 20) 2016
	£'000	£'000
Trade creditors	427	241
Overseas tax	-	209
Amount owed to group companies	88,342	48,918
Creditors in respect of vat and social security	19,872	10,176
Corporation tax	1,034	1,156
Deferred tax (note 8)	1,976	-
Other creditors	730	498
Accruals and deferred income	67,242	53,527
	179,623	114,725

Amount owed to group companies includes loans issued by MMC International Treasury Centre Limited to the Company on 21 March 2017 and 9 August 2017. The principal amounts issued by the Lender were \$1,500,000 and €3,000,000.

Certain 2016 balances have been reclassified to provide reliable and more relevant information. These have resulted in Trade creditors decreasing by £1,980,000, Accruals and deferred income decreasing by £2,950,000 and Creditors in respect of vat and social security increasing by £5,652,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

14. CREDITORS: Amounts falling due within one year (continued)

In prior year, accrued bonus balance of £722,000 was incorrectly classified into the accounts for amounts owed by group companies which have resulted in the amounts owed by group companies and Accruals and deferred income account to be understated by £722,000 as at 31 December 2016. The comparative in prior year was restated by grossing up the amounts owed by group companies and Accruals and deferred income account by £722,000 to provide a better year on year comparative information.

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

	2017 £'000	2016 £'000
Accruals and deferred income	1,883	2,118

16. PENSION SCHEME

The Company operates a pension scheme (the Fund) in the UK with defined benefit and defined contributions' sections. The existing sections of the Fund closed to all future benefit accrual with effect from 1 August 2014. 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 2016 and updated to 31 December 2017 by a qualified actuary (who is employed within the Marsh & McLennan Companies Group). The update over 2017 allowed approximately for known cash flows and turnover, inflation experience and the estimated effect of changes in assumptions.

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 methods 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 Trustees sets out the annual deficit contributions which would be due based on the deficit 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 of 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 re-assessment, a new schedule of contributions was agreed in November 2017 which requires no deficit contributions in respect of 2018.

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. Under this established policy, the contributions and assets are also allocated to the Company in proportion to the Company's share of the accounting liabilities in the section.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

16. PENSION SCHEME (continued)

	2017	2016
	£'000	£'000
Change in defined benefit obligation		
Defined benefit obligation at end of prior year	107,276	74,102
Interest expense	2,907	2,939
Cash flows		
Benefit payments from plan assets	(1,105)	(1,185)
Benefit payments from employer	(17)	(17)
Remeasurements		
Effect of changes in assumptions	(4,188)	32,299
Effect of experience adjustments	(1,709)	(862)
Defined benefit obligation at end of year	103,164	107,276

	2017	2016
	£'000	£'000
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	112,119	87,684
Interest income	3,060	3,483
Cash flows		
Employer contributions	1,824	197
Employer direct benefit payments	17	17
Benefit payments from plan assets	(1,105)	(1,185)
Benefit payments from employer	(17)	(17)
Administrative expenses paid from plan assets	(351)	(227)
Remeasurements		
Return on plan assets (excluding interest income)	8,103	22,167
Fair value of plan assets at end of year	123,650	112,119

	2017	2016
	£'000	£'000
Amounts recognised in the statement of financial position		
Defined benefit obligation	(103,164)	(107,276)
Fair Value of plan assets	123,650	112,119
Net defined benefit asset before deferred tax liability	20,486	4,843

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

16. PENSION SCHEME (continued)

Costs relating to defined benefit plans	2017 £'000	2016 £'000
Net interest cost:		
Interest expense on defined benefit obligation	2,907	2,939
Interest income on plan assets	(3,060)	(3,483)
Administrative expenses	351	227
Expense/ (income) relating to defined benefit plans included in the statement	198	(317)
Remeasurements (recognised in other comprehensive income)		
Effect of changes in assumptions	(4,188)	32,299
Effect of experience adjustments	(1,709)	(862)
Return on plan assets (excluding interest income)	(8,103)	(22,167)
Total remeasurements included in other comprehensive income	(14,000)	9,270
Total (income)/cost related to defined benefit plans recognised in statement of comprehensive income	(13,802)	8,953

	2017 £'000	2016 £'000
Net defined benefit asset reconciliation		
Net defined benefit asset at start of year	4,843	13,582
(Expense)/income relating to defined benefit plans included in income statement	(198)	317
Total remeasurements included in other comprehensive income	14,000	(9,270)
Cash flows		
Employer contributions	1,824	197
Employer direct benefit payments	17	17
Net defined benefit asset at end of year	20,486	4,843

	2017 £'000	2016 £'000
Plan assets		
Fair value of plan assets:		
Cash and cash equivalents	4,132	1,570
Equity instruments	63,232	59,982
Government Bonds/ Liability Driven Investment	25,812	22,200
Other debt instruments	19,513	18,388
Real estate	7,163	6,391
Other	3,798	3,588
Total	123,650	112,119
Actual return on plan assets	11,163	25,650

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

16. PENSION SCHEME (continued)

	2017	2016
Weighted average assumptions used to determine benefit obligations at:		
Discount rate	2.60%	2.72%
Rate of salary increase	2.86%	2.93%
Rate of price inflation (RPI)	3.11%	3.18%
Rate of price inflation (CPI)	2.11%	2.18%
Rate of statutory pension increase in deferment	2.11%	2.18%

	2017	2016
Weighted average assumptions used to determine cost relating to defined benefit plans::		
Discount rate	2.72%	4.00%
Rate of compensation increase	2.93%	2.82%
Inflation rate (RPI)	3.18%	3.07%
Inflation rate (CPI)	2.18%	2.07%

	Male	2017 Female	Male	2016 Female
Weighted average life expectancy for mortality tables used to determine benefit obligations at:				
Member age 65 (current life expectancy)	23.1	25.0	23.2	25.2
Member age 45 (life expectancy at age 65)	24.4	26.5	24.8	27.1

Contributions

The Company expects to pay contributions of £0.3 million in 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

17. SHARE-BASED PAYMENTS

Oliver Wyman Limited's parent company, Marsh & McLennan Companies, Inc. Group, maintains multiple equity-settled share-based payment arrangements in the United Kingdom, 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 an expense credited to profit and loss reserve. 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 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.

18. CALLED UP SHARE CAPITAL

	2017 £'000	2016 £'000
Allotted, called up and fully paid		
5,501,000 ordinary shares of £1 each	5,501	5,501

19. GUARANTEES, CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

Capital commitments

The Company had no capital commitments at 31 December 2017 or at 31 December 2016.

Operating lease commitments

As at 31 December 2016, the Company was committed to make the following payments in respect of operating leases:

	2017 Land and buildings £'000	2016 Land and buildings £'000
Leases which expire:		
Within one year	4,039	3,988
Within two to five years	16,357	1,994
After five years	2,045	-
	<u>22,441</u>	<u>5,982</u>

Guarantees

The Company has guaranteed certain liabilities of its parent (MMOW Limited) to fellow group companies, totalling £37.3 million (2016: £35.2 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

20. PRIOR YEAR ADJUSTMENT

In the prior year £4,137,000 of administrative expenses and tax effect of £827,000 were incorrectly omitted. Accordingly the prior year administrative expenses have been increased by £4,137,000, tax expense and liabilities have decreased by £827,000, the prior year foreign currency translation gain arising from branches recognised in other comprehensive income reduced by £360,000 and the prior year amounts owed to group companies increased by £3,670,000.

	2016 as previously stated £'000	2016 prior year adjustment £'000	Restated 2016 £'000
Statement of Comprehensive Income			
<i>Profit and loss account</i>			
Administrative expenses	224,285	4,137	228,422
Operating profit	9,887	(4,137)	5,750
Tax on profit/(loss)	(1,557)	827	(730)
Profit/(loss) for the year	1,245	(3,310)	(2,065)
<i>Other comprehensive income</i>			
Foreign currency translation differences arising from branches	1,497	(360)	1,137
Total comprehensive loss for the financial year	(4,816)	(3,670)	(8,486)
Statement of Financial Position			
Creditors: amounts falling due within one year	111,055	3,670	114,725
Profit and loss account	122,968	(3,670)	119,298

21. 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.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 1 January 2018, the Company acquired the entire issued share capital and business of Draw Group London Limited (and subsidiaries Draw Create Limited and Draw Connect Limited). The purchase consideration is £4,025,000 fixed and £2,900,000 estimated future contingent consideration.

On 1 March 2018, the Company acquired the entire issued share capital and business of 8works Ltd (and US subsidiary 8works Inc.). The purchase consideration was £1,859,261 fixed and £960,000 estimated future contingent consideration.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

23. RESERVES

Profit and loss account:

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

Restructuring reserve:

On 1 January 2012, Oliver Wyman Limited acquired 48% of the share capital of Oliver Wyman S.L (Spain). As consideration, the business of Oliver Wyman Limited Spanish branch office was contributed to Oliver Wyman S.L (Spain).

The excess between the value attributed to the acquired 48% investment in Oliver Wyman S.L (Spain) and the carrying value of the disposed assets and liabilities of the branch of £11,277,000 was recorded as a restructuring reserve.

Capital contribution:

This reserve includes credits for equity-settled share based payments.

24. GROUP FINANCIAL STATEMENTS

Group financial statements are not prepared in line with s401 of the Companies Act 2006 as the Company is itself a wholly owned subsidiary and is included in the consolidated financial statements of Marsh & McLennan Companies, Inc., its ultimate parent company. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

25. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company's immediate parent company is MMOW Limited. The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in the state of Delaware, United States of America.

The largest and smallest group in which the results of Oliver Wyman 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