

MMOW LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2016

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**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2016**

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DIRECTORS' REPORT

The directors present their annual report for MMOW Limited (the "Company") for the year ended 31 December 2016. The Directors' Report has been prepared in accordance with the special provisions relating to small companies entitled to the small companies' exemption. The Company's registration number is 04688518.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company's principal activity is that of a holding company.

The Company is exposed to currency fluctuations due to its two significant loans denominated in US Dollars, payable to other group undertakings. Due to the strengthening of the US Dollar in 2016 in the aftermath of the Brexit vote, this led to a large loss of £10.7 million in 2016.

The Company generated a loss before tax for the financial year of £11,233,000 (2015: £2,529,000).

STRATEGIC REPORT

The Company qualifies as a small company as defined in S382 of the Companies Act 2006 and is exempt from the preparation of a strategic report as defined by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 No.1970.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainties relate to the exposure to foreign exchange, interest rates and uncertainties relating to the performance of its subsidiary undertakings. Those investments are exposed to the risk of competition for business in their respective markets, which they mitigate by continuing to enhance their value propositions to clients.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial liabilities. Due to the nature of the Company's balance sheet the only financial risks the directors consider relevant to the Company are currency risk.

Currency risk

The Company is exposed to currency risk in respect of two significant loans payable that are denominated in US Dollars. The gains or losses are subject to United Kingdom taxation.

GOING CONCERN

The directors acknowledge the 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. The Company also has the support of its parent company to provide adequate liquid resources to settle its obligations for the foreseeable future by means of a letter of support. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS

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

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

DIRECTORS' REPORT (continued)

RESULTS AND DIVIDENDS

The results of the Company for the financial year ended 31 December 2016 are set out on page 6.

The loss after tax for the financial year is £11,233,000 (2015: £2,529,000).

The directors do not recommend a payment of a dividend in relation to 2016 (2015: nil).

No interim dividends were paid in the year (2015: nil).

FUTURE DEVELOPMENTS

The directors remain confident that the Company will continue upon existing lines.

INDEMNITY

The Company has put in place an indemnity 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 234 of the Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) 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.

INDEPENDENT AUDITORS

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will continue as auditor of the Company.

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



J - P D'Offay
Director

17 August

2017

MMOW Limited
1 Tower Place West
Tower Place
London
EC3R 5BU

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 and applicable law). 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 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;
- 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 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 MMOW LIMITED

We have audited the financial statements of MMOW Limited for the year ended 31 December 2016 which comprise the statement of income and retained earnings, the statement of financial position and the notes to the financial statements 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

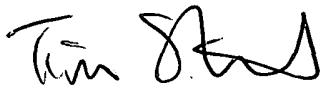
In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMOW LIMITED
(continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

22/8

2017

STATEMENT OF INCOME AND RETAINED EARNINGS
For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Administrative expenses		-	-
OPERATING RESULT		-	-
Interest receivable and similar income	2	61	229
Interest payable and similar charges	3	(11,294)	(2,758)
LOSS BEFORE TAXATION		(11,233)	(2,529)
Tax on loss	5	-	-
LOSS FOR THE FINANCIAL YEAR		(11,233)	(2,529)
RETAINED (LOSSES) / PROFITS AT 1 JANUARY		(13)	2,516
Loss for the financial year		(11,233)	(2,529)
RETAINED LOSSES AT 31 DECEMBER		(11,246)	(13)

All transactions derive from continuing operations.

There were no other items of comprehensive income for 2016 or 2015 other than those included in the statement of income and retained earnings and accordingly no Statement of Comprehensive Income is presented.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Investments	6	71,462	71,462
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	-	9,729
Cash at bank and in hand		9,264	-
		9,264	9,729
CREDITORS: amounts falling due within one year	8	(68,132)	(57,364)
NET CURRENT LIABILITIES		(58,868)	(47,635)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,594	23,827
CREDITORS: amounts falling due after more than one year	9	(1,132)	(1,132)
NET ASSETS		11,462	22,695
CAPITAL AND RESERVES			
Called up share capital	10	4,181	4,181
Profit and loss account	11	(11,246)	(13)
Other reserves	11	18,527	18,527
SHAREHOLDERS' FUNDS		11,462	22,695

The Statement of Financial Position has been prepared in accordance with the small companies regime under the 2006 Act.

The financial statements of MMOW Limited (registered number 04688518) were approved by the Board of directors and authorised for issue on **16 August** 2017.

They were signed on its behalf by:



J - P D'Offay
 Director

17 August

2017

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES

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

General information and basis of accounting

MMOW Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the Directors' Report on pages 1 and 2.

The financial statements have been prepared under the historical cost convention, modified where applicable to include certain items at fair value and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of MMOW Limited is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates. MMOW is a private company limited by shares.

MMOW 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 cashflows and related notes;
- disclosure of inter-group transactions within the wholly owned group;
- exposure to and management of financial risks; and
- key management personnel.

The Company has adopted to present a single statement of income and retained earnings in place of the statement of comprehensive income and statement of changes in equity according to Section 3.18 under FRS 102.

GOING CONCERN

The directors acknowledge the 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. The Company also has the support of its parent company to provide adequate liquid resources to settle its obligations for the foreseeable future by means of a letter of support. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

- (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).

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.

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.

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 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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 taxation

Deferred tax is provided in full on timing differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. 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.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Foreign currency transactions are translated into sterling at the rates of exchange at the dates the transactions occurred.

All gains and losses arising from foreign exchange transactions are recognised in the profit and loss account.

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 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 have reviewed the critical judgements (apart from those involving estimations) in applying the Company's accounting policies and consider that there are no significant items to report on amounts recognised in the financial statements

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £'000	2015 £'000
Interest receivable on intercompany loans	50	229
Bank interest	11	-
	<u>61</u>	<u>229</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £'000	2015 £'000
Interest payable on intercompany loans	557	352
Foreign exchange losses	10,737	2,406
	<u>11,294</u>	<u>2,758</u>

4. INFORMATION REGARDING DIRECTORS

No remuneration was paid or is payable to the directors of MMOW Limited in respect of their services to the Company during the year or the previous year. The directors are remunerated for their services to other companies in the Marsh & McLennan Companies, Inc. Group and their remuneration is dealt with in the financial statements of those companies. The Company had no other employees during the current or prior years.

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 Mercer Limited, the group's principal employing company.

5. TAX ON LOSS

The corporation tax rate for the year was 20 % (2015: 20.25%).

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax on profits for the year	-	-
Total tax (credit) / charge on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed of £ nil (2015: nil) is higher (2015: higher) than that resulting from applying the standard rate of corporation tax in the UK in 2016 of 20% (2015: 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Loss before tax	<u>11,233</u>	<u>2,529</u>
Expected tax credit for the year, calculated at standard rates of the loss	(2,247)	(512)
profit		
Effects of:		
Group relief for nil consideration	<u>2,247</u>	<u>512</u>
Actual tax for the year	<u>-</u>	<u>-</u>

The rate of Corporation Tax reduced from 21% to 20% from 1 April 2015, and will reduce from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

6. FIXED ASSET INVESTMENTS

Investment in subsidiary undertakings

	2016 £'000	2015 £'000
Cost and net book value at 1 January and 31 December	71,462	71,462

The Company's principal subsidiary undertaking as at 31 December 2016 is Oliver Wyman Limited.

	<u>Principal Activity</u>	<u>Registered Address</u>	<u>Country of Incorporation</u>	<u>Class of share percentage held(directly and or indirectly) and voting rights</u>
Oliver Wyman Limited	Management Consultancy	1 Tower Place West, London, ECR 5BU	England and Wales	Ordinary (100%)

7. DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year		
Loan and interest due from a group undertaking	-	9,729

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Amounts falling due within one year		
Amounts due to group undertakings in respect of corporation tax	6	6
Amounts owed to subsidiary undertakings	28,164	23,904
Amounts owed to group undertakings in respect of loans payable	39,962	33,454
	68,132	57,364

9. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	2016 £'000	2015 £'000
Amounts falling due after more than one year		
Amounts due in respect of acquisition	1,132	1,132

The amount owed in respect of acquisition relates to deferred consideration due to one of the former shareholders' of Academee Limited. This is due for payment in 2018 and the amount is not accruing interest.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

10. CALLED UP SHARE CAPITAL

	2016 £'000	2015 £'000
Allotted and fully paid		
4,181,200 ordinary shares of £1 each (2015: 4,181,200)	4,181	4,181

11. RESERVES

Profit and loss account:

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

Other reserves:

Other reserves relates to the capital contribution on incorporation of the Company for £18,526,582.

12. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under FRS 102 Section 33.1A 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.

13. GROUP FINANCIAL STATEMENTS

Group accounts are not prepared in line with section 401 of the Companies Act 2006. This 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, financial statements present information about the Company as an individual undertaking and not about its group.

14. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company's immediate parent company is MMC International Limited, registered in England and Wales. 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 smallest and largest group in which the results of MMOW Limited are consolidated is that headed by Marsh & McLennan Companies, Inc. The consolidated accounts 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
 Marsh & McLennan Companies UK Limited
 1 Tower Place West
 Tower Place
 London
 EC3R 5BU