Registered Number: 03053552

MARSH SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

MARSH SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	A J Browne (appointed 18 December 2023) A J Croft N Fowler A C Herring A J King A P Knight P E Moody (appointed 24 April 2023) S R Woodhouse (resigned 18 December 2023)
REGISTERED NUMBER	03053552
REGISTERED OFFICE	1 Tower Place West Tower Place London EC3R 5BU United Kingdom

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

INTRODUCTION

The Directors present their Strategic Report for Marsh Services Limited ("the Company") for the year ended 31 December 2023. The Company's registration number is 03053552.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Marsh Services Limited ('MSL') is a service company which is part of the NYSE listed Marsh & McLennan Companies, Inc. group ('MMC' or 'the Group') and provides services mainly to UK group companies. Its turnover is made up of service charge revenue from Group companies which is based on the recovery of certain of its operating expenses plus a mark-up. Its major expenses are staff salaries and other costs of employment.

The Company is one of the principal employment companies within the Marsh & McLennan Companies Inc. Group of companies in the UK. Most staff employed by the Company are seconded to Marsh Limited, a sister company and a provider of insurance and reinsurance broking and risk management services.

In April 2022 there was a Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") transfer agreement whereby, after a consultation process, approximately 1,713 staff employed by Jelf Insurance Brokers Ltd, a fellow group company were transferred to Marsh Services Limited.

FINANCIAL KEY PERFORMANCE INDICATORS

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

	2023	*2022*	Movement	Movement
	£M	*£M*	£M	%
Turnover	**923**	*826*	97	12 %
Administration expenses	**(890)**	*(840)*	(50)	(6)%
Profit/(Loss) before tax	**57**	*(3)*	60	2000 %
Net pension assets	**972**	*992*	(20)	(2)%
Net assets	**388**	*393*	(5)	(1)%

Turnover increased by £97 million in 2023 to £923 million, mainly due to the transfer of additional employees from Jelf Insurance Brokers Limited mid way through the prior year, therefore increasing costs in 2023 as the employee costs have been incurred over the full year. Subsequently increasing the amount recharged to other MMC companies with an agreed mark-up on costs.

Total administration expenses increased by £50 million in 2023 to £890 million mainly driven by higher wages and salaries and associated costs due to increased staff headcount as noted above.

Profit/(Loss) before tax has increased by £60 million in 2023 to £57 million, mainly due to an agreed mark-up on costs increasing the amount recharged to other MMC companies.

The Company is a participating employer of the MMC UK Pension Fund ("Fund") and thus is responsible for funding the obligations. It therefore carries most of the Fund (along with associated unregistered pension obligations) on its balance sheet and its financial position is affected by actuarial valuations. The Fund is split into separate sections that are accounted for as separate plans. The Company carries the Marsh section, a small part of the Mercer section and most of the Sedgwick section, which arose from the acquisition of Sedgwick in 1998. In addition, since 29 July 2024, the Company also carries all of the JLT section of the Fund, which arose from the acquisition of JLT and subsequent transfer of the JLT Pension Scheme into the Fund.

FINANCIAL KEY PERFORMANCE INDICATORS (continued)

The latest pension valuation for the overall fund has resulted in a net post-retirement asset at the end of 2023 of £972 million *(2022: £992 million asset)*. Details of the change in net assets over the year are provided in note 20 to the financial statements.

On 30 March 2017 a guarantee was agreed between Marsh Limited (a fellow Group entity) and MMC UK Pension Fund Trustee Limited (as Trustee for the Fund) in relation to the Company’s contributions to the Fund.

A statutory funding valuation was carried out during 2022 for the Fund. This valuation showed that the main sections of the Fund are in a surplus funding position and under the current agreement with the Trustee, no deficit funding is required until 2026. The funding level will be re-assessed during 2025 to determine if deficit contributions are required from 2026.

The JLT section of the Fund has a funding deficit based on the statutory funding valuation that concluded in 2022. As a result, the Company expects to pay deficit contributions of £33 million per annum from 2023 subject to annual and quarterly review. The results of the latest reviews mean that the Company expects to pay deficit contributions of £15 million in 2024 and no further deficit contributions thereafter. The Company also expects to pay contributions to meet levies.

Information on non-financial key performance indicators is contained within ‘The interests of the Company’s employees’ on page 3.

CORPORATE GOVERNANCE STATEMENT

The Board of the Company has adopted formal terms of reference which clearly set out its responsibilities and remit to lead and direct the affairs of the Company. Whilst it meets on at least a quarterly basis to consider matters under its remit and discharge its responsibilities, the Board recognises that the Company operates within a broader well-established and robust governance framework embedded across the Group in the UK which includes forums and committees providing oversight in the areas of risk, audit, and remuneration.

Given the nature of the Company's activities as an internal service provider to the Group and the broader governance framework in place at Group level, the Company has elected not to apply a recognised formal corporate governance code for the financial year ended 31 December 2023.

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE 'ACT') STATEMENT

Under section 172(1) of the Companies Act 2006 (“s172”) the directors of the Company must act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the directors should have regards to the following factors:

- the likely consequences of any decision in the long-term;
- the interests of the Company’s employees;
- the need to foster the Company’s business relationships with suppliers, customers and others’
- the impact of the Company’s operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The below paragraphs provide an explanation as to how the Company’s directors have had regard to the matters set out in s172 when performing their duties during the year ended 31 December 2023.

This includes how the directors have engaged with and considered the interests of various stakeholders including its shareholder, employees, suppliers, the community and those in a principal business relationship with the Company.

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE 'ACT') STATEMENT (CONTINUED)

The likely consequences of any decision in the long-term (continued)

As a wholly owned subsidiary of Marsh McLennan Companies, Inc, the Board considers the views of its ultimate shareholder, and the interests of the wider Group, in considering the likely consequences of any decision in the long-term.

The directors of the Company are committed to lead and direct the affairs of the Company to promote the long-term sustainable success of the Company, generating value for its shareholder, ensuing the sound and prudent management of the Company, with consideration for the interests of other stakeholders.

The directors of the Company consider that, both individually and collectively, they have acted in a way, in good faith, that would most likely promote the success of the Company, for the benefit of its members while having consideration to all stakeholders.

The interests of the Company's employees

The Board understands the importance of leadership visibility and colleagues are kept informed on matters affecting them, as well as on business performance through regular Townhalls, emails, digital tools and platforms designed to keep teams connected. Regular colleague engagement surveys are conducted with the results reviewed by Directors and Executive Management to identify areas for improvement.

The Company is committed to creating a culture where all colleagues feel welcome and included, which is evidenced through its various programmes such as its diversity and inclusion and social impact efforts. Several Colleague Resource Groups assist Directors and Executive Management to better understand and support the wide ranging and diverse constituents comprising the Company´s workforce. These groups support efforts focused on disability, race and ethnicity, gender, LGBTQ+, mental health, military affiliation, neurodiversity, young professionals and parents and carers.

The Board monitors attrition rates and measures absenteeism levels to identify emerging people risks and trends and to ensure appropriate action is taken to address these. Emerging people risks and trends are highlighted to the Board by Executive Management, together with proposed action plans.

The Board and Executive Management remain committed to delivering the Company´s diversity and inclusion strategic targets and to improve the Company´s Gender and Ethnicity Pay Gap. Further information on this can be found in the latest published statutory report and accounts of Marsh Limited.

The need to foster the Company's business relationships with suppliers, customers and others

<u>Clients</u>

The Company provides employment services to several group companies, predominantly Marsh Limited, which provides risk, insurance and reinsurance services to its clients. These arrangements are governed by intragroup agreements.

<u>Suppliers</u>

The Group´s business with suppliers is managed through its Global Sourcing and Procurement department. The Group is committed to building strong relationships with suppliers and recognises that engaging with suppliers and subcontractors who provide a superior service on reasonable terms is critical to success. The Board is supportive of the principles included in the Group´s Code of Conduct, the Greater Good, setting out the Group´s commitment to engage with well qualified and financially responsible suppliers based on the quality of their products and services and the competitiveness of their prices and terms and conditions, and to avoid suppliers who have engaged in unlawful or unethical conduct, who do not meet the Group´s data-protection standards or who could damage its reputation. Colleagues involved in the supplier selection process are also obliged to disclose any actual or potential conflict of interest or any personal relationship with a prospective supplier and the Group encourages suppliers from diverse backgrounds to compete for its business.

Marsh Corporate Services Limited reports on the Group's supplier payment practices on a biannual basis, and results are monitored by the Audit Committee. The latest results can be found at https://check-payment-practices.service.gov.uk/report/80629.

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE 'ACT') STATEMENT (CONTINUED)

The impact of the Company’s operations on the community and environment

In an ever-changing world with geopolitical instability, economic uncertainty and ongoing conflicts, the Group recognises the importance of supporting the communities in which it operates. In alignment with the Group´s ESG strategy, social impact activities are focused on disaster response, mentoring, and building resilient communities, which the Board recognises helps contribute to the Group´s vibrant and inclusive culture, drives colleague engagement and elevates the Group´s brand reputation. Further information about the Group´s social impact programme can be found in the latest published statutory report and accounts of Marsh Limited.

The Company, as part of the Group, recognises its obligations to be good stewards of the environment and continues to look at ways to minimise its carbon footprint and impact on the environment. The Company shares the Group´s ESG and climate-related ambitions and integrates the Group´s environmental initiatives into strategy, decision-making and business processes, considering the local market. Further information can be found in the Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action report on page 18. Further details of the Group´s environmental initiatives can be found at https://www.marshmclennan.com/about/esg.html.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Greater Good, which is the MMC Group´s Code of Conduct, applies to all directors and employees of the Company and it embodies the MMC Group´s commitment to maintaining the highest ethical conduct and professional standards. These non-negotiable standards are outlined in the Greater Good, which emphasises the importance of building trust with colleagues, clients and the wider community.

The need to act fairly between members of the Company

The Company has a single member and forms part of the Group. As a wholly owned subsidiary of MMC, the duties of the Company’s directors are exercised in a way that is most likely to promote the success of the Group as a whole, while having regard to all factors outlined in s172.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Cyber risk

The Cyber control framework is managed by the Marsh McLennan Information Security team who monitor and maintain the supporting IT infrastructure, tools and technologies to safeguard the organisation, and its clients, from the rapidly changing cyber threat environment. The Company proactively de-risks its operations through regular patching and security upgrades and supports this with colleague awareness and training campaigns. In the event of heightened Cyber threat, MMC has established incident management procedures which are invoked to mitigate any adverse impacts. Attendance at regulator-led and industry wide forums ensures the business has sight of local UK threats and vulnerabilities.

Safety, Health and Environment risk

The Company is responsible for the health, safety and welfare of its employees and contractors whilst working on behalf of the Company and for ensuring that its operations do not unnecessarily harm the environment. The Company is compliant with all laws and, wherever practicable we implement improvements to health and safety. Directors and individual managers accept responsibility for people and areas under their control and integrate health and safety into everyday activities. They are committed to ensuring the competence of all employees through selection, instruction, training and supervision.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Safety, Health and Environment risk (continued)

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

Liquidity and cash flow risk

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

Outsourcing (including Intra Group Arrangements) risk

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

Data Privacy risks

The Company is responsible for the safeguarding and protection of the data it receives from its employees and others and is therefore is exposed to data and privacy risks, including loss of data, corruption of data, inappropriate access to data, or incorrect collection, processing and storage of data (in particular sensitive personal data). System-enforced tools and controls are in place in respect of data, such as disclosure and consent mechanisms, access restrictions, password protection, back-up and cleansing of data as well as Group-wide encryption of data. Mandatory training is also issued to staff with respect to the usage, storage, processing, accessing and sharing of data, as well as data incident reporting. This is underpinned by internal data & privacy policies.

Environmental, Social, Governance (ESG)

The risk that the Company is impacted by an environmental, social or governance (ESG) event, or condition, which adversely impacts our brand, value and/or operations of the business.

The Group has proactively promoted the need to ‘advance good in the world’, noting in its latest ESG Report, that ESG considerations have been a formal part of our Executive decision making since 2008. MMC has also pledged to become net-zero across its operations by 2050 and reduce emissions by 50% by 2030. The Company is also monitoring the regulatory requirements in this area, e.g. CFD reporting. For more detail on the Company’s climate-related risks, see the Non-financial and sustainability information statement on page 7.

Pension asset risk

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

The Company is exposed to financial risks from its defined benefit pension plans. These risks are mitigated by a guarantee from Marsh Limited.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

People risks

The risk that the Company fails to attract sufficient leaders, managers or colleagues with the relevant skills, experience and engagement to deliver its products and services to the required standards and maintain a high level of conduct. The key drivers to this risk continue to be the increasingly competitive skills marketplace, resulting in colleagues and teams being ‘acquisition’ targets, and the firm’s ability to retain and attract people. External market monitoring, career progression plans, ‘grow our own’ and employment covenants remain key mitigating controls. controls.

Geo-political & Macroeconomic Environment risk

The risk that changes within the geopolitical and macroeconomic environment adversely impacts the Company’s strategy, reputation and/or growth targets resulting in potential losses, associated costs and operational disruption. The business continuously monitors and responds to any material external environmental factors, such as: fiscal changes (including inflation and GDP growth), environmental influences (e.g. Russia/Ukraine war, Israel/Palestine conflict, China/Taiwan tensions) and market-wide activity (e.g. insurer consolidations).

Conduct & Culture

The risk that the actions and behaviours of colleagues fall short of the expectations of the regulator in terms of client outcomes, market stability and effective competition, and/or the standards set by ourselves in our code of conduct, ‘The Greater Good’.

A Company’s business model and culture represent the biggest potential root causes of conduct risk. The business model is determined by the senior leadership team, driven by the Company’s purpose and strategy and managed by a combination of risk appetite, governance, policies and controls.

Operational resilience

This risk relates to the failure of the firm to prevent, respond to, recover and/or learn from operational disruptions resulting in client detriment, regulatory intervention and/or adverse commercial impacts. Examples of such business interruption events could include supply chain disruptions, a failure of outsourcing / intragroup arrangements, technological outages, a breakdown of national infrastructure, etc. The Company has robust processes and controls in place for monitoring and responding to operational disruptions (including a well-established crisis management team).

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Climate-Related Financial Disclosures

These climate-related financial disclosures are made by the Company to comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Marsh Services Limited, as part of the Marsh McLennan Companies Inc. group continues to look at ways to manage its carbon footprint and impact on the environment. For the purposes of these climate-related financial disclosures, the Marsh UK Group refers to the Company, and its affiliates, Marsh Limited and Marsh Corporate Services Limited (a procuring entity for the Group in the UK). Given the nature of the Company´s activities as an employing entity, primarily for Marsh Limited, governance, strategy and risk management in relation to ESG and Climate-related risks and opportunities is applied at a Marsh UK Group level.

Governance

The Company operates within the robust governance framework embedded across the Marsh UK Group which includes forums and committees that ensure that climate-related risks and opportunities are integrated into the Company´s decision-making processes.

Board oversight

The Marsh Services Limited Board provides leadership of the Company within a framework of prudent and effective controls established by the Marsh UK Group which enables risks and opportunities, including ESG and climate risks and opportunities, to be assessed and managed. Climate-related ambitions pertinent to the Marsh UK Group, including the Company, are considered by the Directors when reviewing strategy, risk management policies, annual budgets, and performance objectives for the Marsh UK Group.

Marsh UK Group Risk Committee

The Marsh UK Risk Committee provides oversight of the Marsh UK Group´s risk management framework . The Marsh UK Risk Committee is responsible for reviewing the Marsh UK Group´s top and emerging risks and matters are escalated to the Board of the Company as appropriate.

Executive Oversight

The Marsh UK Group Executives agree ESG initiatives and review relevant ESG-related risk and performance metrics for Marsh UK Group, which incorporates MMC's ESG and carbon strategy into the Marsh UK Group´s overall strategy as deemed appropriate for the UK market.

Responsibility for the delivery of climate-related plans is integrated into the roles and responsibilities of senior managers across the Marsh UK Group´s key business areas and functions.

The overarching global approach

A multi-layered governance framework ensures high standards are consistently applied across MMC's global organisation. As a subsidiary of Marsh McLennan Companies, Inc ('Marsh McLennan'), the Company shares the Group's ESG and climate-related ambitions, and the Company's ESG and climate governance framework and processes should be understood in the context of the Group's governance framework. The Group's global climate and ESG governance framework and processes are summarised below.

The Marsh McLennan Board is supported by a Board ESG Committee and Management ESG Committee to formulate, oversee and deliver the Group's ESG ambitions.

The Board ESG Committee oversees and supports the Group's commitment to social, environmental, and other public policy initiatives. The Committee reports to the Marsh McLennan Board on a regular basis.

Marsh McLennan's Management ESG Committee supports the Marsh McLennan Board and the ESG Committee in identifying and advancing ESG priorities. Members are drawn from senior management across the Group's global businesses and corporate departments, with the General Counsel serving as Chair.

In April 2024, Marsh McLennan published the Group's annual ESG strategy and climate ambition. The strategic objectives and climate ambitions outlined in the report are integrated into the Company's strategy, decision-making and business processes, considering the UK market within which the Company operates.

The Group's annual ESG report (the '2023 ESG Report') is available on the following link:

https://www.marshmclennan.com/content/mmc-web/mmc-v2/en/about/esg-2023.html

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

Strategy

Climate-related risks and opportunities, both transitional and physical, are integrated into the Marsh UK Group’s operations.

Climate risks are considered in two categories:

- Transitional Risks: Risks related to the transition to a lower-carbon economy (e.g. risks related to policy and regulatory changes and shifts in consumer preferences/expectations)
- Physical Risks: Risks related to the physical impacts of climate change (e.g. extreme weather events). These can be split between Acute and Chronic Physical Risks:
  - Acute physical risks refer to those that are event driven, including increased severity of extreme weather events, such as cyclones, hurricanes or floods; and
  - Chronic physical risks refer to longer-term shifts in climate patterns (e.g. sustained higher temperatures) that may cause sea level rise or chronic heat waves.

Each of these present both risks and opportunities to the Marsh UK Group and are considered in identification and assessment of risks. The identified risks are assessed based on their likelihood of occurrence and impact, taking into account financial and qualitative impact factors, in line with Marsh UK Group´s overall risk management approach.

It is recognised that this is an evolving landscape and so flexibility has been built in to allow for its medium (3 – 10 years) to long term (10+ years) risks to change, and equally, the short-term (1 – 3 years) risks and opportunities may expand into the medium and long term.

Identified climate-related risks and opportunities for the Marsh UK Group

Tier 1 Risk	Tier 2 Risk	Transitional vs Physical	Time horizon	Climate-related risks	Climate-related opportunities
Legal & Regulatory	Governance & Oversight	Transitional	S / M	Risk of reputational damage due to greenwashing accusations. Risk that Client Engagement principles are not governed thoroughly enough among colleagues resulting in engagement with clients that are not within appetite.	Enhance current governance processes to feature climate and greenwashing concerns in line with the new Anti-Greenwashing Rule effective from 31 May 2024. Engage with colleagues and develop public stance clarifying client engagement principles and emphasising Climate and ESG values.
Legal & Regulatory	Regulatory Requirements	Transitional	S / M	Risk that the Marsh UK Group fails to comply with ESG legal and/or regulatory requirements resulting in regulatory intervention and/ or reputational damage. Risk that legal and regulatory requirements conflict with the Marsh UK Group´s strategy impacting the pace of adoption/ delivery of climate and ESG initiatives.	Enhance regulatory horizon-scanning processes and ownership. Directly link climate strategy with market and upcoming regulations.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

Tier 1 Risk	Tier 2 Risk	Transitional vs Physical	Time horizon	Climate-related risks	Climate-related opportunities
Operations	Supply Chain & 3rd Parties	Acute Physical	S / M	Risk of physical climate events (flooding, heatwaves, earthquakes) impacting our staff & buildings or those of third party suppliers, resulting in interrupted operations and negatively impacting service to client. Risk of business disruption related to physical climate risk is more pronounced in certain geographic areas, including major metropolitan centres, like London, where MMC, including the Marsh UK Group, has significant operations and approximately 5,700 colleagues at the location.	Improvement of business resiliency management to respond to increased severity of extreme weather events and conduct in-depth physical risk modelling on our assets and full supply chain.

The Marsh UK Group is in the process of establishing a framework to assess the impact of climate-related issues on its financial performance. The categories on the following page set out the areas identified that are expected to be expanded on in the future:

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

Policy and Legal

The regulatory landscape impacting climate changes is evolving. Marsh Limited places business from global clients in multiple geographical locations into the London market and regional markets across the UK. This presents challenges and opportunities in how its business is strategically managed and clients and stakeholders supported. In turn, Marsh Services Limited needs to react to the requirements of Marsh Limited in terms of ensuring employees with the correct experience are available in the appropriate locations.

Change typically requires an investment of time and increased operational costs including collaboration from legal, compliance, product and marketing teams.

Regulatory developments that may impact reporting in 2024 and beyond, and the Marsh UK Group´s overall climate-related plan, include:

- *UK Green Taxonomy*
  Defining which economic activities count as environmentally sustainable. Improving understanding of environmental impact to help companies and investors make informed green choices.
- *Taskforce for Nature-related Financial Disclosure ('TNFD')*
  Disclosure framework to enable organisations to report and act upon evolving nature related risks and opportunities.
- *Transition Planning Taskforce ('TPT')*
  Launched in April 2022 by HM Treasury, the TPT Disclosure Framework sets out good practice for robust and credible transition plan disclosures.
- *Green Claims Code*
  Six key principles guiding environmental claims made by businesses.

Broadly, legal implications with global application are relevant to the Marsh UK Group´s strategy. The review of ongoing legal and compliance matters and disclosure requirements impact the Marsh UK Group´s strategic planning on how new requirements are expanded and implemented.

Real Estate

In recent years MMC has been focusing on its real estate footprint in the UK, through creating smart office environments. It has implemented energy efficient lighting and HVAC, low-flow fixtures in restrooms and eliminated single-use plastics in the refreshment areas. The Group's London office in Tower Place runs on 100% renewable electricity. During construction, 98% of stripped materials were diverted from landfill and either recycled, reused or donated; and 100% of reusable furniture was donated to local charities. The Group's real estate strategy is underpinned with climate risks and opportunities in mind. Its footprint decisions include detailed reviews of construction, seismic design, climate, health and safety risks.

Operational

The Global Technology Group at MMC continuously focuses across a variety of areas to reduce the Group's energy requirements and the associated greenhouse gas emissions in order to minimise risk related to climate change. At Group level, there is a focus on IT asset disposition/recycling; personal computing; technology purchasing; server virtualisation – all to minimise emissions through recycling electronic waste, decreasing the impact of personal computing, maintaining energy-efficient data centres and partnering with strategic suppliers.

The Global Technology Group is under the leadership of the Chief Information Officer, a role that also oversees Business Resiliency and Security. The Business Resiliency Management team coordinates business resiliency management activities as part of the preparedness lifecycle and crisis response activities, including climate-related risks.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

Reputational

Increasing scrutiny and changing expectations from investors, clients and colleagues with respect to the Marsh UK Group´s, and the wider Group's, ESG practices may impose additional costs on or expose the Group and/or the Marsh UK Group to new or additional risks. Given the increased focus of these issues, the Marsh UK Group is conscious that negative public perception, adverse publicity or negative comments in social media could damage its reputation if it does not or is perceived not to address a particular ESG practice. The Company is also conscious of reputational risks impacting the wider employee market and depleting the ability to attract high calibre talent to meet the needs of the business.

Consideration of different climate-related scenarios

In line with the Group's approach, the Marsh UK Group is developing a qualitative climate-related scenario assessment to inform the resilience of its overall strategy, considering different climate-related scenarios including Representative Concentration Pathways ('RCP') 2.6 and 8.5. These scenarios represent a scenario where warming is kept below 2℃ and a high emissions scenario.

RCP 2.6

RCP 2.6 represents a scenario where transitional risk is more likely. In a RCP 2.6 scenario, the transitional risks most identified include reputational risk and regulatory risk

RCP 8.5

RCP 8.5 represents a scenario where physical risk is more likely including risks to operations and offices from extreme weather.

Risk Management:

Marsh UK Group´s Enterprise Risk Management ('ERM') framework advocates for and facilitates strong risk management processes across its businesses and functions. Through its risk management processes, awareness is raised of key risks, a framework for managing risks is implemented, discussion about risks is integrated into decision-making processes and alignment is fostered between senior management and the relevant Boards. The Marsh UK Group works with a wide group of internal and external stakeholders to understand its impact on, as well as the impact of, climate risks and in doing so, works with and draws insights from the wider Group. The 2023 ESG Report provides an overview of the Group's approach to enterprise risk management and the integration of climate risks into overall risk management.

This section sets out the processes the Marsh UK Group has in place to identify, assess, and manage climate-related risks, including how these processes are integrated into the Marsh UK Group's overall risk management framework.

The ERM framework has been updated to recognise the importance of climate risk to business and the Marsh UK Group's risk taxonomy ('Risk Taxonomy') has been reviewed so that climate-related risks are appropriately represented. Briefings and discussions have been held with internal risk committees on the evolving climate-related regulatory and risk landscape.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

Management of Climate-Related Risks

Climate-related risks are identified, assessed, and managed through ongoing and dedicated processes, depending on the risk type. This ultimately feeds into the Marsh UK Group's Risk and Control Self-Assessment ('RCSA') process (the RCSA is an internal process by which the Marsh UK Group identifies, assesses and manages its risks and assesses the effectiveness of controls). The second line Risk team facilitates this process and meets with senior Risk Owners, who are responsible for the identification, assessment and management of their respective risks. This is performed on a quarterly basis. In particular, the following high-level approach is followed in respect of climate-related risks:

- Marsh UK Group's Risk team performs its own research into climate-related risks, utilising internal MMC experts and publications (both internal and external);
- The Risk team co-ordinates benchmarking against Marsh UK Group's own ESG risk rating tool; and
- ESG (of which climate risk is a part) is a Marsh UK Group Top Tier Risk. A Top Tier Risk is considered to be a key threat to the Marsh UK Group's annual strategic objectives, which in turn impacts the business of the Company. All Top Tier Risks are owned by an Executive Risk Owner who is a member of Marsh UK Group´s Executive. These Executive Risk Owners are ultimately accountable for the risks under their ownership. They will consider, with input from other subject matter experts, whether exposure to each risk is within appetite and the cost / benefit trade-off of implementing additional controls. They have a key role in identifying and assessing climate-related risks relevant to the Marsh UK Group.

As noted earlier, the Marsh UK Group considers climate risk in two categories:

- Transitional Risks: Risks related to the transition to a lower-carbon economy (e.g. risks related to policy and regulatory changes and shifts in consumer preferences/ expectations).
- Physical Risks: Risks related to the physical impacts of climate change (e.g. extreme weather events).

Each of these present both risks and opportunities to the Marsh UK Group and the Marsh UK Group´s clients and are considered in the identification and assessment of risks on pages 8 and 9. The identified risks are assessed based on their likelihood of occurrence and impact, considering financial and qualitative impact factors, in line with the overall risk management approach.

The next section provides further information on how climate-related risk management is integrated into the Marsh UK Group's overall risk management.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

Risk identification, assessment and management processes

The Marsh UK Group's ERM framework includes formal processes to identify, assess, manage, report on and monitor risks to which it is exposed. A key process in this risk life cycle includes the RCSA process, providing further insights on the risk exposure before controls, the effectiveness of controls/mitigants and therefore the residual risk exposure.

Various sources of insight are utilised to help inform the identification of new risks, including climate-related risks, covering both top-down and bottom-up processes. This includes a feedback loop with other risk management activities and data, drawing on insights from:

- Errors & Omissions ('E&O') / breaches / incidents / near misses;
- Review of Emerging Risks;
- Key Risk Indicators ('KRI') and reverse stress testing;
- External publications and insights; and
- Top-down and bottom-up views from the second line Risk team, Risk Committees, Risk Owners and other subject matter experts.

The following high-level processes and approaches are in place for assessing the potential size, impact and scope of identified climate risks:

- Impact and Likelihood assessment – to help determine the relative significance of risks, including climate-related risks in relation to other risks, a scoring matrix is used to assess each risk, covering both quantitative criteria and qualitative factors to consider the impact and likelihood of the risks occurring.
- Identification of appropriate Risk Owners – Risk Owners, of appropriate seniority, are agreed and can provide a forward-looking view and assessment of the risks they own.
- Expert judgement – reflecting the Risk Owner's prior experience and insights on how the risk could develop going forward, Risk Owners provide their judgement on possible risk drivers, risk consequences and financial impacts to Marsh Limited, the market and clients.
- Key Risk Indicators – KRI metrics are monitored and used to help provide a view on the expected risk exposure.

Risk and Control owners are responsible for identifying and monitoring risk mitigation plans, including climate-related risks. Appropriate controls are agreed in respect of each risk.

Representation on the Risk Taxonomy

As noted earlier, climate-related risks are represented on the Risk Taxonomy in one of two ways:

- Vertically: i.e. as distinct risks.
- Horizontally: within one of the other risks, where climate-related risks are integrated into existing risks, e.g. third party risk and regulatory risk.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

The three lines of defence and risk management

The three lines of defence model (the ‘Three Lines of Defence’) is an industry-recognised model which helps articulate the roles and responsibilities for managing risk across the organisation. It therefore helps clarify responsibilities for the management of all risk types across the Marsh UK Group and mitigates the risk of gaps or duplications in risk management and assurance activities. The first line is ultimately responsible for owning and managing their risks, including climate-related risks. The second line Risk team provides the necessary framework, guidance, advice and challenge. The third line Internal Audit provides assurance through internal audit reviews.

The 2023 ESG Report sets out examples of opportunities we have identified as a Group to help clients, and the wider industry, navigate climate risks and associated opportunities.

Metrics & Targets

Marsh McLennan Group Approach

The approach to the environment and environmental reporting is managed at a Group level. In March 2022, MMC announced goals to achieve net-zero carbon emissions across its global business operations by 2050, with an emissions reduction target of 50% by 2030.

The Company’s employees operate from offices that are owned or leased and managed centrally. The majority of staff employed by the Company are seconded to other MMC Group UK companies and energy utilisation and carbon emissions of the staff provided by the Company are attributed to these entities. As part of the Marsh UK Group’s contribution to achieving these targets, Marsh Limited reduced its total Scope 1, 2 and 3 CO_2e emissions from 4,303 tonnes in 2022 to 4,222 tonnes in 2023 on a location base measure, and from 2,257 tonnes in 2022 to 2,178 tonnes in 2023 on a market base measure.

The 2023 ESG Report (https://www.marshmclennan.com/content/mmc-web/mmc-v2/en/about/esg-2023.html) details the Group’s approach to environmental, social and governance priorities, setting out the metrics and targets used by the Group to assess and manage relevant climate-related risks and opportunities. Please refer to the follow sections of the report for further details:

- page 9 of the 2023 ESG Report sets out the Group’s commitment to net-zero; and
- page 49 of the 2023 ESG Report sets out the Group’s 2023 emissions inventory, including scope 1, 2 and 3 greenhouse gas emissions.

The Company’s own greenhouse gas emissions disclosure can be found on page 16 of these financial statements.

This report was approved by the board and signed on its behalf on 5 July 2024.

A J Croft
Director

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are set out in the Strategic Report on page 1. The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report on pages 1 to 14. This includes a review of the development of the business of the Company during the year and of likely future developments in its business. Details of the principal risks and uncertainties are included in the Strategic Report.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £40 million *(2022 - loss £1 million)*.

The directors do not recommend the payment of a final dividend *(2022: £nil)*.

DIRECTORS

The directors who served during the year were:

A J Browne (appointed 18 December 2023)

A J Croft

N Fowler

A C Herring

A J King

A P Knight

P E Moody (appointed 24 April 2023)

S R Woodhouse (resigned 18 December 2023)

FUTURE DEVELOPMENTS

The activities of the Company are expected to continue along similar lines for the foreseeable future.

GOING CONCERN

The directors have no plans for a change in the principal activities of the Company or any intention to liquidate the Company in the foreseeable future. The directors acknowledge the Company's net current liability position of £329 million *(2022: £140 million)* and have evaluated funding options available to the Company. Following this evaluation they are comfortable that any obligations can be met. The Company had an overall net asset position of £388 million *(2022 net asset : £393 million).* These financial statements are therefore presented on a going concern basis.

The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the conflict in Eastern Europe, and the directors are satisfied that the Company’s services will continue to be required from the MMC Group of companies

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2 to the financial statements.

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.

EMPLOYMENT POLICY

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

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has put in place an indemnity in its 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.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENT ACTION

The Company, as part of the Marsh McLennan group of companies, recognises its obligations to be good stewards of the environment and continues to look at ways to minimise its carbon footprint and impact on the environment.

The approach to the environment and environmental reporting is managed at a Group level and constantly under review. The Group maintained its certification as a CarbonNeutral © company, initially achieved in 2021 across all of its global operations. In March 2022, MMC announced goals to achieve net-zero carbon emissions across our global business operations by 2050, with a 50% emissions reduction by 2030. The Group also signed a commitment letter to submit these targets to the Science Based Targets initiative for validation. This past year, MMC successfully completed this step.

Across many parts of our global businesses, including in the UK, there are initiatives underway which are focused on improving the efficiency of our operations as those relate to greenhouse gas emissions, energy consumption and the impact our business has on the environment. Examples of these initiatives include:

- Continuing to virtualise services, reducing data space requirements, power consumption and cooling needs, and emissions;
- Reducing square footage per full-time colleague by 31% since 2019 and opening 115 smart offices since 2016. Smart offices incorporate energy saving lighting and HVAC (heating, ventilation and air conditioning), water-conserving fixtures, and practices designed to reduce construction and operational waste;
- Introduction of compostable or reuseable ‘to go’ containers in the London office to reduce waste from food service; and
- The use of renewable electricity across the Group’s largest offices in the US, UK and South Africa.

The Company's employees operate from offices that are owned or leased, but which are managed centrally. The majority of the staff employed by the Company are seconded to other MMC Group UK companies and provide risk management, insurance and reinsurance broking services.

A summary of the energy utilisation and carbon emissions of the staff provided by the Company is included in the Streamline Energy and Carbon Report ('SECR') reporting of Marsh Limited and Marsh Corporate Services Limited. The Company does not disclose this information in its financial statements as the staff energy costs and carbon emissions are borne by Marsh Limited and Marsh Corporate Services Limited.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITOR

The auditor, Deloitte LLP, have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting. The auditor is deemed to be reappointed under section 487(2) of the Companies Act 2006).

This report was approved by the board and signed on its behalf on 5 July 2024

A J Croft

Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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 and applicable law), including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. Under company law the directors must not approve the 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 the Annual Report and the 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 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 MARSH SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Marsh Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 24

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- assessing other market altering factors by looking at the operational impact and business continuity plans;
- evaluating future profit forecasts, management's method in producing these, and the consistency with current year results;
- assessing management's sensitivity analysis of key assumptions underpinning liquidity; and
- assessing the going concern disclosures included within the financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSH SERVICES LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report has been prepared in accordance with applicable legal requirements.

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSH SERVICES LIMITED

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.

Malav Bhagdev

Malav Bhagdev, FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

London
United Kingdom

8 July 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £M	*2022 £M*
Turnover	4	**923**	*826*
Gross profit		**923**	*826*
Administrative expenses		**(890)**	*(840)*
Operating Profit/(Loss)		**33**	*(14)*
Interest receivable and similar income	8	**–**	*4*
Interest payable and similar expenses	9	**(26)**	*(11)*
Other finance income	10	**50**	*18*
Profit/(Loss) before tax		**57**	*(3)*
Tax on Profit/(Loss)	11	**(17)**	*2*
Profit/(Loss) for the financial year		**40**	*(1)*
Other comprehensive expense for the year			
Actuarial losses on defined benefit pension scheme	20	**(98)**	*(47)*
Movement of deferred tax relating to pension (deficit)/surplus	15	**22**	*12*
Actuarial loss on other retirement benefits		**(1)**	*(1)*
Other comprehensive expense for the year		**(77)**	*(36)*
Total comprehensive expense for the year		**(37)**	(37)

All transactions derive from continuing operations.

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

The notes on pages 27 to 46 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note		2023		2022
			£M		£M
Current assets					
Debtors: amounts falling due after more than one year	12	**8**		8	
Debtors: amounts falling due within one year	12	**159**		153	
Cash at bank and in hand		**–**		1	
		167		162	
Creditors: amounts falling due within one year	13	**(496)**		(302)	
Net current liabilities			**(329)**		(140)
Total assets less current liabilities			**(329)**		(140)
Creditors: amounts falling due after more than one year	14		**–**		(200)
Provisions for liabilities					
Deferred tax	15	**(237)**		(238)	
Other provisions	16	**(17)**		(19)	
			(254)		(257)
Pension asset	20		**972**		992
Post-retirement medical benefit	21		**(1)**		(2)
Net assets			**388**		393
Capital and reserves					
Called up share capital	17		**–**		–
Share premium account	18		**350**		350
Profit and loss account	18		**38**		43
			388		393

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 July 2024.

A J Croft

Director

The notes on pages 27 to 46 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £M	Share premium account £M	Profit and loss account £M	Total equity £M
At 1 January 2023	**–**	**350**	**43**	**393**
Comprehensive expense for the year:				
Profit for the year	**–**	**–**	**40**	**40**
	–	**–**	**40**	**40**
Actuarial losses on defined benefit pension scheme	**–**	**–**	**(98)**	**(98)**
Deferred tax movements	**–**	**–**	**22**	**22**
Actuarial losses on other retirement benefits	**–**	**–**	**(1)**	**(1)**
Total other comprehensive expense for the year	**–**	**–**	**(77)**	**(77)**
Total comprehensive expense for the year	**–**	**–**	**(37)**	**(37)**
Credit to equity for equity settled share based payments	**–**	**–**	**32**	**32**
Total transactions with owners	**–**	**–**	**32**	**32**
At 31 December 2023	**–**	**350**	**38**	**388**

The notes on pages 27 to 46 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £M	Share premium account £M	Profit and loss account £M	Total equity £M
At 1 January 2022	–	350	60	410
Comprehensive profit for the year:				
Loss for the year		–	(1)	(1)
	–	–	(1)	(1)
Actuarial losses on defined benefit pension scheme	–	–	(47)	(47)
Deferred tax movements	–	–	12	12
Actuarial losses on other retirement benefits			(1)	(1)
Total other comprehensive expense for the year	–	–	(36)	(36)
Total comprehensive expense for the year	–	–	(37)	(37)
Capital contribution from the parent	–	–	–	–
Credit to equity for equity settled share based payments	–	–	20	20
Total transactions with owners	–	–	20	20
At 31 December 2022	–	350	43	393

The notes on pages 27 to 46 form part of these financial statements.

1 GENERAL INFORMATION

Marsh Services Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on the Company information page at the beginning of these financial statements. The nature of the Company's operations and its principal activities are set out in the strategic report and the directors' report on pages 1 to 17.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 FINANCIAL REPORTING STANDARD 102 REDUCED DISCLOSURE EXEMPTIONS

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 29 Income Tax related to Pillar Two paragraphs 29.28(b) and 29.29.
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Where applicable, this information is included in the consolidated financial statements of Marsh & McLennan Companies Inc. as at 31 December 2023 and these financial statements may be obtained from the address in note 24.

2.3 GOING CONCERN

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the business review, which forms part of the Strategic Report.

The Strategic Report also describes the financial position of the Company; its cash flows and liquidity risk, and its exposure to credit risk.

The Company meets its day-to-day working capital requirements from a revolving loan facility. 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.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN (continued)

The Company continues to monitor the uncertainty in the current economic and business environment. The directors acknowledge the Company's net current liability position of £329 million *(2022: £140 million)* and have evaluated funding options available to the Company. Following this evaluation they are comfortable that any obligations can be met.

The Directors acknowledge the latest guidance on going concern. The directors are satisfied through the review of forecast and analyses that the services of Marsh Limited, for whom the Company ultimately provides most of its services, will continue to be attractive to the clients.

Having assessed the responses to their enquiries the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. Accordingly, the directors continue to adopt going concern basis in preparing the annual report and financial statements.

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.5 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents fees receivable from other MMC Group companies for services provided and is recognised in the year to which it relates. All turnover arises in the United Kingdom.

2 ACCOUNTING POLICIES (CONTINUED)

2.6 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.7 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

Finance cost comprises interest payable on funds borrowed. Interest payable is recognised in the income statement as it accrues.

The difference between interest payable in the year and interest actually paid is shown as an accrual in the statement of financial position.

2.8 PENSIONS AND OTHER POST-RETIREMENT BENEFITS

Defined benefit pension plan

For the defined benefit pension plan the amounts charged to operating profit are the service costs and gains and losses on settlements and curtailments. They are included as part of staff costs.

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

Remeasurement compromising 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.

The defined benefit plan is predominately funded with assets held separately from those of the Company, in a separate trustee administered fund. Pension plan assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are prepared annually by a professionally qualified actuary employed within the Marsh & McLennan Companies Group.

The Company participates in a defined benefit plans that share risks between entities under common control. The policy for charging the defined benefit costs is determined for each section of the defined benefit plan based on an allocation of accounting liabilities for each member between the employers participating in the plan. The share of each plan’s assets attributable to the Company is determined based on the Company’s share of the accounting liabilities in the plan.

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 balance sheet to the extent that it able to recover the surplus in the future.

Defined contribution pension plan

For the defined contribution section of the pension plan the amount charged to the 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 as either accruals or prepayments in the Statement of Financial Position.

Post-retirement medical benefits

The Company also operates an unfunded non-contributory scheme for medical benefits, whereby defined medical benefits are provided to current and retired UK members who started their services with the Company on or prior to 1 December 1988 and completed five years of service with the Company at retirement.

2 ACCOUNTING POLICIES (CONTINUED)

2.9 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.

Share-based payments are measured at the fair value at grant, expensed 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.

Stock Options vest at 25% per annum beginning one year from the date of grant, and have a maximum contractual term of 10 years.

Fair value is measured using either the Black-Scholes pricing model (no market-based triggering event) or the Binomial valuation model (market based triggering event). The expected life used in the models is estimated using the contractual term of the option and the effects of employees' expected exercise and post-vesting employment termination behaviour.

SAYE awards vest over a period of either 3 or 5 years. Options must be exercised within 6 months of vesting.

Stock Awards vest over a period of up to 5 years, after taking into account the estimated effect of forfeitures. Members are entitled to receive dividend payments during the vesting period.

The Company also provides employees with the ability to purchase MMC's ordinary shares at 95% of the current market value. The Company records an expense, based on the 5% discount, on the date the shares are purchased.

2.10 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

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

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

2.11 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2 ACCOUNTING POLICIES (CONTINUED)

2.12 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 PROVISIONS FOR LIABILITIES

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

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

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

2.15 INCAPACITY PROVISION

The incapacity provision comprises the current value of expected future amounts payable to or on behalf of staff on the long-term disability scheme, net of amounts covered by insurance. Payments are expected to be made over a number of years in the future. The interest cost is charged to the profit and loss account, and included within other finance charges. Payments made to beneficiaries are charged to the provision, and actuarial adjustments to the provision are taken to other comprehensive income.

2.16 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2 ACCOUNTING POLICIES (CONTINUED)

2.16 FINANCIAL INSTRUMENTS (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 DIVIDENDS

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

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

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

Equity dividends are recognised when they become legally payable.

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

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

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

Critical judgements in applying the Company's accounting policies

The Company has no 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.

Key sources of estimation uncertainty

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

(i) Pension and other post-retirement benefits

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

(ii) Deferred tax

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

4 TURNOVER

Turnover represents fees receivable from other Group companies for services provided

	2023	2022
	£M	£M
United Kingdom	923	826
	923	826

All turnover arose within the United Kingdom.

5 AUDITOR'S REMUNERATION

In 2023 the Company paid £0.2 million in audit fees (2022: £0.2 million) to the Company's auditor relating to the auditing of the financial statements.

The Company has not engaged its auditor for any non-audit services.

6 EMPLOYEES

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

	2023	2022
	£M	£M
Wages and salaries	717	691
Social security costs	99	86
Cost of defined benefit scheme	6	5
Cost of defined contribution scheme	48	41
	870	823

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

	2023	2022
	No.	No.
Employees recharged for Insurance, support and management related services	8,028	7,340

The increase in average monthly number of employees during the year is due to the TUPE of staff from Jelf Insurance Brokers Limited to the Company in April 2022.

7 DIRECTORS' REMUNERATION

	2023	*2022*
	£M	*£M*
Directors' emoluments	**1**	*1*
	1	*1*

During the year there were retirement benefits accruing to one directors (2022: one) in respect to defined contribution pension schemes.

The highest paid director received remuneration of £0.5 million *(2022 :£0.5 million)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (*2022 : £nil*).

During the year two directors were granted shares under the Group’s long term incentive schemes (2022: two)

During the year no directors exercised shares under the Group’s long term incentive schemes (2022: nil)

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	*2022*
	£M	*£M*
Foreign exchange gains on operating activities	**–**	*4*
	–	4

9 INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	*2022*
	£M	*£M*
Bank interest payable	**–**	*2*
Loan interest payable to group undertakings	**25**	*9*
Foreign exchange loss on operating activities	**1**	*–*
	26	*11*

10 OTHER FINANCE INCOME

	2023	2022
	£M	*£M*
Interest income on pension scheme assets	**50**	*18*
	50	*18*

11 TAXATION

	2023	*2022*
	£M	*£M*
Corporation tax		
Current tax on profits for the year	**(7)**	*(21)*
Adjustments in respect of previous periods	**2**	*4*
	(5)	*(17)*
Total Current tax	**(5)**	*(17)*
Deferred tax		
Origination and reversal of timing differences	**22**	*21*
Adjustments in respect of previous records	**–**	*(6)*
Changes to tax rates	**–**	*–*
Total Deferred tax	**22**	*15*
Taxation on profit/(loss)	**17**	*(2)*

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(*2022 - *lower than)* the standard rate of corporation tax in the UK of 23.5% *(*2022 - *19%)*. The differences are explained below:

	2023	2022
	£M	*£M*
Profit/(Loss) before tax	**57**	*(3)*
Profit/(Loss) multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	**13**	*–*
EFFECTS OF:		
Adjustments to tax charge in respect of prior periods	**2**	*(2)*
Tax deduction arising from exercise of employee options	**1**	*(5)*
Other differences leading to an increase (decrease) in the tax charge	**1**	*5*
Total tax charge/(credit) for the year	**17**	*(2)*

11 TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The UK Corporation Tax rate increased from 19% to 25% with effect from 1 April 2023.

The international tax reform released by the Organisation for Economic Cooperation and Development (OECD), known as Pillar Two, is a framework for the introduction of a global minimum effective tax rate of 15%, which could impact the tax charge of the Company in future periods in the jurisdiction where the Company operates. The legislation was enacted by Finance (No. 2) Act 2023, which received Royal Assent on 20 June 2023, and will be effective from 01 January 2024.

12 DEBTORS

	2023	2022
	£M	£M
DUE AFTER MORE THAN ONE YEAR		
Deferred taxation	8	8
	8	8

	2023	2022
	£M	£M
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	116	108
Other debtors	9	9
Amounts recoverable from a group undertakings - Tax	27	28
Deferred taxation	7	8
	159	153

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

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£M	£M
Amounts owed to group undertakings	456	260
Accruals and deferred income	40	42
	496	302

During 2022 certain companies in the UK, including Marsh Services Limited, joined a cash pooling arrangement whereby balances were regularly swept to zero and the funds moved to a central account held by MMC International Treasury Centre Limited, a fellow UK Group subsidiary. Amounts owed to the Group as part of the pooling arrangement are disclosed as Amounts owed to group undertakings in the table above.

Included in amounts owed to group undertakings due within one year is a loan payable of £253 million which is repayable on demand and had variable interest rates of between 0% and 4.87% and a further loan of £200 million which attracts interest at 6.07% and is repayable in December 2024. The remaining balance is unsecured, interest free and repayable on demand.

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£M	£M
Amounts owed to group undertakings	–	200
	–	200

Amounts owed to group undertakings consists of a loan of £200 million which attracts interest at 6.07% and is repayable in December 2024.

15 DEFERRED TAXATION

	2023	2022
	£M	£M
At beginning of year	(222)	(221)
Charged to profit or loss	(22)	(14)
Charged to other comprehensive income	22	12
Arising on business combinations	–	1
At end of year	(222)	(222)

15 DEFERRED TAXATION (CONTINUED)

The deferred tax balance is made up as follows:

	2023	*2022*
	£M	*£M*
Other timing differences	15	*16*
Pension and other post retirement benefit obligations	(237)	*(238)*
	(222)	*(222)*
Comprising		
Asset - due after one year	8	*8*
Asset - due within one year	7	*8*
Liability	(237)	*(238)*
	(222)	*(222)*

Deferred tax timing differences have been provided for at the rate of 25%, being the rate enacted at the balance sheet date.

On 11 July 2023, the Financial Reporting Council (FRC) published amendments to section 29 of FRS102 entitled 'International Tax Reform - Pillar Two Model Rules' to clarify the application of section 29 Income Tax to income tax arising from tax law enacted or substantively enacted to implement Pillar Two model rules. The amendments became effective immediately. The amendments introduce a mandatory temporary exception to the accounting requirement of deferred taxes in section 29, so that an entity would neither recognise or disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Company has applied this exception and not provided for deferred tax in respect of these reforms.

There are no unrecognised deferred tax balances.

16 OTHER PROVISIONS

	Incapacity benefits	Payroll tax provision	Total
	£M	£M	£M
At 1 January 2023	5	14	19
Charged to profit or loss	2	(4)	(2)
At 31 December 2023	7	10	17

The incapacity provision comprises the current value of expected future amounts payable to or on behalf of staff on long-term disability scheme, net of amounts covered by insurance. Payments are expected to be made over a number of years in the future.

The payroll tax provision relates to National Insurance Contributions (NIC) which will become payable on the exercise of employee share-based remuneration. The amount payable is dependent on Marsh & McLennan Companies, Inc.'s share price at the date of vesting. The provision has been calculated based on the number of shares expected to vest and the share price at the balance sheet date of $189.47 *(2022: $165.48)*.

17 SHARE CAPITAL

	2023	2022
	£	£
Allotted, called up and fully paid		
2,000 (2022- 2,000) Ordinary shares of £1.00 each	**2,000**	*2,000*

The share capital of the Company consists of fully paid ordinary shares with a par value of £1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Company.

18 RESERVES

Share premium account

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

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, including net of dividends paid and other adjustments.

19 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 and Save As You Earn (SAYE) awards, Shares Awards and Share Purchase arrangements (Share Purchase Plan and Share Incentive Plan).

As no benefit is granted by the Company under the Share Incentive Plan, this plan does not fall under the scope of FRS 102.

20 PENSION COMMITMENTS

The Company is a participating employer in a defined benefit pension plan in the UK (the Fund).

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. In addition, the JLT section's obligations and assets (arising from the transfer of the JLT Pension Scheme to the Fund in 2021) are attributable to the Company.

A comprehensive actuarial valuation of the defined benefit sections was carried out at 31 December 2023 by a qualified actuary (who is employed within the Marsh & McLennan Companies Group), based on membership data at 31 December 2022 in respect of the Fund and as at 31 December 2023 for the unapproved plan pensioners. The valuation made an approximate allowance since the date of the membership data for known cashflows, inflation experience and the estimated effect of changes in assumptions.

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

A statutory funding valuation as at 31 December 2021 was carried out during 2022 for the Fund. This valuation showed that the main sections of the Fund are in a surplus funding position and under the current agreement with the Trustee, no deficit funding is required until 2026. The funding level will be re-assessed during 2025 to determine if deficit contributions are required from 2026.

The JLT section of the Fund has a funding deficit based on the statutory funding valuation that concluded in 2022. As a result, the Company paid deficit contributions of £33 million in 2023 and expects to pay deficit contributions of £15 million in 2024, subject to quarterly review. The Company also expects to pay contributions to meet levies.

20 PENSION COMMITMENTS (CONTINUED)

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 for each section of the defined benefit plan based on an allocation of accounting liabilities for each member between the employers participating in the plan. The share of each plan's assets attributable to the Company is determined based on the Company's share of the accounting liabilities in the plan.

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

Reconciliation of present value of plan liabilities:

	2023	2022
	£M	£M
Reconciliation of present value of plan liabilities		
At the beginning of the year	**3,062**	*4,931*
Interest cost	**150**	*89*
Benefits paid	**(170)**	*(171)*
Effects of changes in assumptions/experience adjustments	**56**	*(1,787)*
AT THE END OF YEAR	**3,098**	*3,062*

Composition of plan liabilities:

	2023	2022
	£M	£M
Funded	**3,087**	*3,051*
Unfunded	**11**	*11*
TOTAL PLAN LIABILITIES	**3,098**	*3,062*

Reconciliation of present value of plan assets:

	2023	2022
	£M	£M
At the beginning of the year	**4,054**	*5,869*
Interest income	**200**	*106*
Administration expenses	**(6)**	*(5)*
Contributions	**34**	*89*
Benefits paid	**(170)**	*(171)*
Return on plan assets (excluding interest income)	**(42)**	*(1,834)*
AT THE END OF YEAR	**4,070**	*4,054*

20 PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

	2023 £M	2022 £M
Cash and cash equivalents	86	31
Equity instruments	376	367
Government bonds/liability driven instruments	2,324	1,874
Other debt instruments	1,230	1,629
Real estate	–	85
Other	54	68
TOTAL PLAN ASSETS	**4,070**	4,054

	2023 £M	2022 £M
Fair value of plan assets	4,070	4,054
Present value of plan liabilities	(3,098)	(3,062)
NET PENSION SCHEME ASSET	**972**	992

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

	2023 £M	2022 £M
Administrative expenses	(6)	(5)
Net interest income	50	18
TOTAL	**44**	13
Effects of changes in assumptions	(24)	1,896
Effect of experience adjustments	(32)	(109)
Return on plan assets (excluding interest income)	(42)	(1,834)
	(98)	(47)

20 PENSION COMMITMENTS (CONTINUED)

The net pension asset consists of the following:

	2023	2022
	£M	£M
Defined benefit plans in surplus	983	1,034
Defined benefit plans in deficit	(11)	(42)
	972	992

All defined benefit pension sections of the Fund are now in surplus, with the deficit relating to the unfunded unapproved pension benefits.

Reconciliation of net pension scheme asset is as follows:

	2023	2022
	£M	£M
Opening net defined benefit asset	992	938
Net interest income	50	17
Administration expenses	(6)	(5)
Contributions by employer	34	89
Actuarial (losses)/gains	(98)	(47)
	972	992

The Company expects to contribute £16 million to its defined benefit pension plan in the UK in 2024, subject to quarterly reviews for the JLT section.

If future life expectancy for all members were to increase by an additional year then this would increase the liabilities for FRS 102 purposes by about £104 million, 3.4% (2022: £104 million, 3.4%) . A change in the life expectancy assumption at the year end balance sheet date also leads to an increase in the following year's interest cost charges to the profit and loss account. This would be largely mitigated by a longevity swaps that cover most of the benefit obligations and would create an asset gain if life expectancy increases by one year.

20 PENSION COMMITMENTS (CONTINUED)

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

	2023	*2022*
	%	*%*
Discount rate	4.78	5.02
Future salary increases	3.30	3.29
Future RPI inflation assumption	2.90	2.94
CPI inflation assumption	2.55	2.54
Mortality rates	**Years**	*Years*
- for a male aged 65 now	22.9	23.3
- at 65 for a male aged 45 now	23.9	24.4
- for a female aged 65 now	24.7	25.1
- at 65 for a female member aged 45 now	25.7	26.2

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993 on the validity of certain pension scheme rule amendments and represents a material development in the pensions industry. Given the decision is being appealed in 2024, the Company is currently monitoring developments.

Defined contribution plan

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

From 1 August 2014, the Company's defined benefit section of the pension plan and the existing defined contribution plan were both closed to future benefit accrual. All future benefits from 1 August 2014 are provided under a new defined contribution section of the pension plan. The Company made defined contribution payments of £48 million during 2023 (2022: £41 million).

21 POST-RETIREMENT MEDICAL

The Company operates an unfunded non-contributory scheme for medical benefits. As part of this scheme, defined medical benefits are provided to certain retired UK members who started their services with the Company on or prior to 1 December 1988 and completed five years of service with the Company at retirement. This group of pensioners is entitled to fully insured benefits in retirement for themselves, their spouses and eligible dependants. On a pensioner's death the benefit continues for the widow or widower until their death. As at 31 December 2023 there were 209 (2022: 223) pensioners and 1 (2022: 1) active members in receipt of these benefits.

A full actuarial valuation of the accrued liability and annual charge in respect of post retirement medical benefit was carried out as at 31 December 2023 by a qualified actuary (who is employed by the Company). The method used was the project unit method. The major assumptions used for the actuarial valuation were (in nominal terms):

Assumptions	**31 December**	**31 December**	**31 December**	**31 December**	**31 December**
	2023	***2022***	***2021***	***2020***	***2019***
Gross interest rate	**5.3 %**	*4.6 %*	*1.6 %*	*1.3 %*	*1.8 %*
Medical cost trend rate for one year	**8.7 %**	*12 %*	*5.4 %*	*5.4 %*	*5.4 %*
Medical cost trend rate in long term	**5.4 %**	*5.4 %*	*5.4 %*	*5.4 %*	*5.4 %*

Interest on scheme liabilities in 2023 in respect of post retirement medical benefits under the requirement of FRS 102 that were recognised in the statement of comprehensive income in the year to 31 December 2023 was £0.06 million (2022: £0.02 million).

The following amounts have been recognised in the performance statements in the year to 31 December 2023 in respect of post retirement medical benefits under the requirements of FRS 102:

	2023	*2022*
	£M	*£M*
Analysis of the actuarial gain in the Comprehensive Income Statement		
Effects of changes in assumptions underlying the present value of scheme liabilities	**0.7**	(0.4)
Actuarial (loss)/gain	**0.7**	*(0.4)*

	2023	*2022*
	£M	*£M*
Liability in the scheme at 1 January	**(2)**	*(1)*
Actuarial loss	**1**	*(1)*
Liability in the scheme at 31 December	**(1)**	*(2)*

21 POST-RETIREMENT MEDICAL (CONTINUED)

History of experience gains and losses	2023	2022	2021	2020	2019
Experience gains/(losses) on scheme liabilities:					
Amount (£'m)	**0.07**	0.01	0.02	0.04	0.10
Percentage of the present value of scheme liabilities (%)	**7.3 %**	1.3 %	1.4 %	3.2 %	3.5 %
Total actuarial gain/(loss) recognised gains and losses:					
Amount (£'m)	**0.70**	0.40	0.12	1.20	1.80
Percentage of the present value of the scheme liabilities (%)	**70.1 %**	24.5 %	8.5 %	77.9 %	60.0 %

22 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.

23 POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

24 CONTROLLING PARTY

The Company’s immediate parent company is MMC UK Group 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 Marsh Services Limited are consolidated is that headed by Marsh & McLennan Companies, Inc. whose registered address is 1166 Avenue Of The Americas, New York, Ny 10036, United States. The consolidated financial statements of Marsh & McLennan Companies, Inc. are available to the public and may be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

and also from:

The Company Secretary
Marsh & McLennan Companies UK Limited
1 Tower Place West
Tower Place
London
EC3R 5BU
United Kingdom