



## **Mercer (Danmark) A/S**

Teknikerbyen 1  
2830 Virum Søllerød  
CVR No. 11989748

## **Annual report 2020**

The Annual General Meeting adopted the  
annual report on 28.06.2021

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**Cilla Katarina Nygård**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020	8
Balance sheet at 31.12.2020	9
Statement of changes in equity for 2020	11
Notes	12
Accounting policies	14

# Entity details

## Entity

Mercer (Danmark) A/S

Teknikerbyen 1

2830 Virum Søllerød

CVR No.: 11989748

Registered office: Rudersdal

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Cilla Katarina Nygård, Chairman

Achim Lueder

Dorothee Carolin Gnädinger

## Executive Board

Dorothee Carolin Gnädinger, Managing Director

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Mercer (Danmark) A/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Virum, 28.06.2021

## Executive Board

**Dorothee Carolin Gnädinger**

Managing Director

## Board of Directors

**Cilla Katarina Nygård**

Chairman

**Achim Lueder**

**Dorothee Carolin Gnädinger**

# Independent auditor's report

## To the shareholders of Mercer (Danmark) A/S

### Opinion

We have audited the financial statements of Mercer (Danmark) A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.06.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Tim Kjær-Hansen**

State Authorised Public Accountant  
Identification No (MNE) mne23295

# Management commentary

## Primary activities

The Company's activities is to render consultancy and advisory services to companies within Compensation & Benefit.

## Development in activities and finances

The income statement for 2020 shows a profit of DKK 34,562,099 against a profit of DKK 41,376,339 last year, and the balance sheet at 31 December 2020 shows equity of DKK 65,923,356.

For the year ended December 31, 2020, the COVID-19 pandemic had an adverse impact on the Company's revenue growth, primarily in our businesses that are discretionary in nature, which was partly mitigated through disciplined expense management by implementing restrictions on travel and other cost containment measures. The ongoing impacts of COVID-19 may affect our ability to generate new business, our overall level of profitability and cash flow, and our liquidity due to a number of macroeconomic and operational factors. Such factors may include:

- a reduction in fees or commission due to lower demand for our services as clients cut back on expenses;
- the impact on our business model for delivering services to clients due to restrictions on travel and movement, and guidance around social distancing;
- the impact on profitability and margin of not achieving or maintaining adequate utilization and pricing rates;
- the timeliness and ultimate collectability of our receivables, which affects our ability to generate sufficient cash flows;

The extent to which the COVID-19 outbreak continues to impact our business, results of operations and financial condition will depend on future developments, which remain highly uncertain and are difficult to predict, including the duration and spread of the outbreak, its severity and strain mutations, the actions to contain the virus and the development and availability of effective treatments and vaccines, and how quickly and to what extent normal economic and operating conditions can resume.

## Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



# Income statement for 2020

	Notes	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>29,547,158</b>	<b>22,428,132</b>
Staff costs	1	(19,614,596)	(15,984,808)
Depreciation, amortisation and impairment losses	2	0	(2,113)
<b>Operating profit/loss</b>		<b>9,932,562</b>	<b>6,441,211</b>
Income from investments in group enterprises		26,693,200	36,595,296
Other financial income		0	50,836
Other financial expenses	3	(274,184)	(216,346)
<b>Profit/loss before tax</b>		<b>36,351,578</b>	<b>42,870,997</b>
Tax on profit/loss for the year	4	(1,789,479)	(1,394,658)
<b>Profit/loss for the year</b>		<b>34,562,099</b>	<b>41,476,339</b>
<b>Proposed distribution of profit and loss</b>			
Ordinary dividend for the financial year		39,100,000	25,000,000
Retained earnings		(4,537,901)	16,476,339
<b>Proposed distribution of profit and loss</b>		<b>34,562,099</b>	<b>41,476,339</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Investments in group enterprises		27,115,152	27,115,152
<b>Financial assets</b>	5	<b>27,115,152</b>	<b>27,115,152</b>
<b>Fixed assets</b>		<b>27,115,152</b>	<b>27,115,152</b>
Trade receivables		10,910,230	9,580,343
Contract work in progress		29,535	496,252
Receivables from group enterprises		3,451,221	2,900,217
Deferred tax		54,241	87,788
Other receivables		342,835	1,804,174
Prepayments		87,868	87,730
<b>Receivables</b>		<b>14,875,930</b>	<b>14,956,504</b>
<b>Cash</b>		<b>47,856,181</b>	<b>35,112,374</b>
<b>Current assets</b>		<b>62,732,111</b>	<b>50,068,878</b>
<b>Assets</b>		<b>89,847,263</b>	<b>77,184,030</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital		1,507,000	1,507,000
Retained earnings		25,316,356	29,854,254
Proposed dividend		39,100,000	25,000,000
<b>Equity</b>		<b>65,923,356</b>	<b>56,361,254</b>
Other payables		1,513,950	395,385
<b>Non-current liabilities other than provisions</b>	<b>6</b>	<b>1,513,950</b>	<b>395,385</b>
Prepayments received from customers		3,543,802	3,031,934
Trade payables		4,903	424,248
Payables to group enterprises		4,150,872	6,757,565
Income tax payable		2,123,912	1,168,449
Other payables		12,586,468	9,045,195
<b>Current liabilities other than provisions</b>		<b>22,409,957</b>	<b>20,427,391</b>
<b>Liabilities other than provisions</b>		<b>23,923,907</b>	<b>20,822,776</b>
<b>Equity and liabilities</b>		<b>89,847,263</b>	<b>77,184,030</b>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Assets charged and collateral	9		
Group relations	10		

# Statement of changes in equity for 2020

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	1,507,000	29,854,257	25,000,000	56,361,257
Ordinary dividend paid	0	0	(25,000,000)	(25,000,000)
Profit/loss for the year	0	(4,537,901)	39,100,000	34,562,099
<b>Equity end of year</b>	<b>1,507,000</b>	<b>25,316,356</b>	<b>39,100,000</b>	<b>65,923,356</b>

# Notes

## 1 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	16,709,080	13,547,602
Pension costs	1,599,942	1,426,721
Other social security costs	139,038	102,603
Other staff costs	1,166,536	907,882
	<b>19,614,596</b>	<b>15,984,808</b>
Average number of full-time employees	<b>18</b>	<b>15</b>

## 2 Depreciation, amortisation and impairment losses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	0	2,113
	<b>0</b>	<b>2,113</b>

## 3 Other financial expenses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	274,184	216,346
	<b>274,184</b>	<b>216,346</b>

## 4 Tax on profit/loss for the year

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	2,123,912	1,168,449
Change in deferred tax	33,547	226,209
Adjustment concerning previous years	(367,980)	0
	<b>1,789,479</b>	<b>1,394,658</b>

## 5 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	106,475,254
<b>Cost end of year</b>	<b>106,475,254</b>
Impairment losses beginning of year	(79,360,102)
<b>Impairment losses end of year</b>	<b>(79,360,102)</b>
<b>Carrying amount end of year</b>	<b>27,115,152</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
William H. Mercer	Sweden	AB	100	42,413,871	26,966,038
Mercer Pensionsrådgivning	Denmark	A/S	100	19,769,019	13,986,515
Mercer (Norge)	Norway	AS	100	40,525,683	10,528,500

## 6 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

## 7 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	<b>4,940,370</b>	<b>4,888,960</b>

## 8 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Marsh A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, Marsh A/S and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 9 Assets charged and collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

## 10 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Marsh & McLennan Companies, Inc., 1166 Avenue of the Americas, New York, USA.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets.

**Income from investments in group enterprises**

Income from investments in group enterprises comprises dividends etc received from the individual group enterprises in the financial year.

**Other financial income**

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Investments in group enterprises**

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement



as incurred.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Tax receivable or payable**

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.