

Company number: 01679424

**JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and
Jardine Lloyd Thompson Group plc)**

Annual Report and Financial Statements

For the Year Ended 31 December 2019

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

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JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Company Information

Directors

D Brennan
M C Chessher
J Flahive

Company secretary

Marsh Secretarial Services Limited

Registered office

The St Botolph Building
138 Houndsditch
London
EC3A 7AW

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc) ('the Company') for the year ended 31 December 2019.

Principal Activities

The principal activity of the Company is of an intermediate holding company. Its global subsidiaries are primarily engaged in insurance broking, reinsurance broking and employee benefits.

Acquisition by Marsh & McLennan Companies, Inc.

On 18 September 2018, Jardine Lloyd Thompson Group plc ('JLT') and MMC Treasury Holdings (UK) Limited, a wholly-owned subsidiary of Marsh & McLennan Companies Inc, ('MMC' or 'the Group'), announced that they had reached agreement on the terms of a recommended cash acquisition. The entire issued and to be issued share capital of JLT would be acquired by MMC Treasury Holdings (UK) Limited. As outlined in that announcement, the acquisition was effected by means of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 ('the Scheme').

On 22 March 2019, JLT and MMC announced that all regulatory and competition authority approvals for the acquisition, set out in the Scheme document dated 15 October 2018, had been satisfied and, as such, on 1 April 2019 the Scheme became effective in accordance with its terms. This followed the Court's sanction of the Scheme at a Court hearing held on 29 March 2019.

In connection with the transaction, the listing of JLT shares on the premium listing segment of the Official List and the admission to trading of the JLT shares on the London Stock Exchange's main market were suspended with effect from 7.30 a.m. (London time) on 1 April 2019 and were cancelled with effect from 8 a.m. on 2 April 2019.

On 7 June 2019, Jardine Lloyd Thompson Group plc was re-registered as a private company under the Companies Act 2006 as Jardine Lloyd Thompson Group Ltd.

Following JLT's acquisition by MMC, the Company has acted as an intermediary holding company in the MMC group. As the Company's results are included in the consolidated financial statements of its ultimate parent undertaking established under the law of a non-EEA state it is therefore exempt from the requirement to prepare consolidated financial statements under Section 401 of the Companies Act 2006. These financial statements present information about the JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc) legal entity only.

Business Review

Profit before taxation has increased significantly at £3,110.1m (2018: loss of £45.7m) mainly due to dividends received from a subsidiary, offset by an impairment of investments, as a result of the global reorganisation to integrate the MMC and JLT companies.

The results of the Company for the year ended 31 December 2019 are set out in the financial statements on pages 11 to 25.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Strategic Report for the Year Ended 31 December 2019 (continued)

Key Performance Indicators (KPIs)

Given the nature of the business, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business.

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. These financial statements are therefore presented on a going concern basis.

Section 172 (1) of The Companies Act 2006 (the 'Act') Statement

This Statement is made pursuant to s. 414CZA of the Companies Act 2006.

The Company forms part of the Marsh & McLennan Companies, Inc. Group of Companies (the MMC Group), a global professional services provider, specialising in the areas of risk, strategy and people. It acts as a non-trading intermediate holding company and its activities are aligned to the strategy and risk management and control frameworks of the MMC Group.

The directors of the Company are committed to lead and direct the affairs of the Company in order to promote the long-term sustainable success of the Company, generating value for its shareholder and ensuring sound and prudent management of the firm.

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 (s. 172(1)), also having regard to the long-term consequences of any decisions taken (172(1)(a)). Distributions to the Company's shareholder are only considered after a full assessment of capital adequacy and the Company's ability to continue as a going concern into the foreseeable future to ensure investment in the future growth of the Company, balanced with stable and sustainable returns to the shareholder.

Sections 172(1)(b)-(e) do not apply to the Company in its capacity as a non-trading intermediate holding company for the MMC Group, as it does not have employees, clients or suppliers.

The Greater Good, which is the MMC Group's Code of Conduct, applies to all directors 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.

Principal risks and uncertainties and financial risk management

From the perspective of the Company, the principal risks and uncertainties and financial risks of the Company are integrated with those of the Group and are not managed separately. Accordingly, the principal risks and uncertainties and financial risks of the Group, which include those of the Company, are set out in the 2019 annual report of the Group which does not form part of this report.

Emerging risk

Covid-19

On 11 March 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. If this continues to spread through contagion, it is likely to further intensify the disruptive impact on the global and UK economy. As the Company does not trade and it is not the directors' intention to commence trading in the foreseeable future, Covid-19 is not considered to have a significant impact on the financial or operational areas of the Company.

**JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and
Jardine Lloyd Thompson Group plc)**

Company number: **01679424**

Strategic Report for the Year Ended 31 December 2019 (continued)

Political risk

Brexit

The directors have considered the key risks and impact to its business and operations in the event of a no-deal Brexit and considers these not to be a significant risk to the Company.

Approved by the Board on 14 December 2020 and signed on its behalf by:



.....
M C Chessher
Director

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019.

Directors of the Company

The directors, who held office during the year and up to the date of signing these financial statements, are given below:

D Brennan (appointed 2 April 2019)
M C Chessher (appointed 2 April 2019)
J Flahive (appointed 2 April 2019)
A B Girling (appointed 15 April 2019, resigned 13 May 2019)
D J Burke (resigned 2 April 2019)
A E Court (resigned 2 April 2019)
A Didham (resigned 2 April 2019)
M F G Drummond Brady (resigned 2 April 2019)
G M T Howe (resigned 15 April 2019)
A P C Keswick (resigned 2 April 2019)
R H Meddings (resigned 2 April 2019)
L M Peacock (resigned 2 April 2019)
C A Rozes (resigned 2 April 2019)
Lord Sassoon (resigned 2 April 2019)
N C Walsh (resigned 2 April 2019)

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.

Dividends

The directors recommend a final dividend payment of £3,594,120,658 (2018: £75,175,778) in respect of the financial year ended 31 December 2019.

Future developments

The Company is non-trading and acts as an intermediary holding company. It is the intention of the directors that the Company remains this way in 2020.

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. These financial statements are therefore presented on a going concern basis.

The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic. As the Company acts as an intermediate holding company in the MMC Group, the Covid-19 pandemic is not considered to have a material impact on the directors' assessment of the going concern basis.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Directors' Report for the Year Ended 31 December 2019

Subsequent events

Covid -19

On 11 March 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. No adjustments have been made in these financial statements in respect of the pandemic. Developments in the first half of 2020 have created significant uncertainty about the impact on the global economy and has resulted in significant impacts to the financial markets and asset values around the world. The Company considered the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event expects any impact on the Company to be minimal as it is a non-trading entity.

Financial risk management

As disclosed in the Principal Risks and Uncertainties note within the Strategic Report of this document, the Company's financial risk management is considered to be integrated with that of the Group. The Principal Risks and Uncertainties and Financial Risks of the Group, which include those of the Company, are set out in the Annual Report of the Group.

Disclosure of information to the auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Appointment of auditor

Following the acquisition of the JLT Group by MMC, PricewaterhouseCoopers LLP tendered their resignation. Deloitte LLP were appointed as auditor in line with Section 485 of the Companies Act 2006.

Approved by the Board on 14 December 2020 and signed on its behalf by:



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M C Chessher
Director

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' report, Strategic 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Independent Auditor's Report to the members of JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc) (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Independent Auditor's Report to the members of JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc) (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities, in respect of the financial statements, 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 auditors' report.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Independent Auditor's Report to the members of JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc) (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Clough ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom

14 December 2020

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Income from subsidiaries		3,492,664,965	-
Administrative expenses		(103,645,382)	(46,205,708)
Impairment of investments		<u>(279,199,504)</u>	-
Operating profit / (loss)		3,109,820,079	(46,205,708)
Interest receivable and similar income	3	333,804	2,674,731
Interest payable and similar expenses	4	<u>(49,029)</u>	<u>(2,144,729)</u>
Profit / (loss) before taxation		3,110,104,854	(45,675,706)
Tax on profit / (loss)	8	<u>13,293,192</u>	<u>3,851,066</u>
Profit / (loss) for the financial year		<u>3,123,398,046</u>	<u>(41,824,640)</u>

The notes on pages 16 to 25 form an integral part of these financial statements.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Statement of Comprehensive Income for the Year Ended 31 December 2019

	2019	2018
	£	£
Profit / (loss) for the financial year	<u>3,123,398,046</u>	<u>(41,824,640)</u>
Total comprehensive income / (loss) for the year	<u>3,123,398,046</u>	<u>(41,824,640)</u>

The notes on pages 16 to 25 form an integral part of these financial statements.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investment in subsidiaries	9	187,076,510	96,805,901
Current assets			
Debtors	10	69,678,123	146,315,108
Cash at bank and in hand	11	-	1,027,275
		<u>69,678,123</u>	<u>147,342,383</u>
Creditors: Amounts falling due within one year	12	<u>(135,422,043)</u>	<u>(114,315,472)</u>
Net current (liabilities) / assets		<u>(65,743,920)</u>	<u>33,026,911</u>
Total assets less current liabilities		<u>121,332,590</u>	<u>129,832,812</u>
Capital and reserves			
Called up share capital	13	1,000	11,009,050
Share premium		-	104,110,391
Merger reserve		-	9,604,000
Capital contribution reserve		50,000,000	-
Profit and loss account		<u>71,331,590</u>	<u>5,109,371</u>
Total shareholders' funds		<u>121,332,590</u>	<u>129,832,812</u>

The notes on pages 16 to 25 form an integral part of these financial statements.

Approved by the Board on 14 December 2020 and signed on its behalf by:



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M C Chessher
Director

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital £	Share premium £	Merger reserve £	Capital contribution reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2019	11,009,050	104,110,391	9,604,000	-	5,109,371	129,832,812
Profit for the financial year	-	-	-	-	3,123,398,046	3,123,398,046
Total comprehensive income for the year	-	-	-	-	3,123,398,046	3,123,398,046
Dividends	-	-	-	-	(3,594,120,658)	(3,594,120,658)
New share capital issued	9,719,537	389,332,592	(9,604,000)	-	-	389,448,129
Capital contribution	-	-	-	50,000,000	-	50,000,000
Capital reduction	(20,727,587)	(493,442,983)	-	-	514,170,570	-
Amounts in respect of share-based payments:						
- capital contribution to subsidiaries	-	-	-	-	22,775,643	22,775,643
- shares acquired	-	-	-	-	(1,382)	(1,382)
At 31 December 2019	1,000	-	-	50,000,000	71,331,590	121,332,590

The notes on pages 16 to 25 form an integral part of these financial statements.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2018	11,009,050	104,110,391	9,604,000	89,324,777	214,048,218
Loss for the financial year	-	-	-	(41,824,640)	(41,824,640)
Total comprehensive loss for the year	-	-	-	(41,824,640)	(41,824,640)
Dividends	-	-	-	(75,175,778)	(75,175,778)
Amounts in respect of share- based payments:					
- capital contribution to subsidiaries	-	-	-	53,307,016	53,307,016
- shares acquired	-	-	-	(20,522,004)	(20,522,004)
At 31 December 2018	11,009,050	104,110,391	9,604,000	5,109,371	129,832,812

The notes on pages 16 to 25 form an integral part of these financial statements.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The Company is a private company limited by share capital incorporated and domiciled in United Kingdom and registered in England and Wales.

On 7 June 2019, Jardine Lloyd Thompson Group plc re-registered as a private company under the Companies Act 2006 as Jardine Lloyd Thompson Group Ltd.

On 8 July 2020, the name of the Company was changed to JLT Group Holdings Limited.

The address of its registered office is:

The St Botolph Building
138 Houndsditch
London
EC3A 7AW

2 Accounting policies

Summary of significant accounting policies and key accounting estimates and judgements

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

Going concern

These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic. As the Company acts as an intermediate holding company in the MMC Group, the Covid-19 pandemic is not considered to have a material impact on the directors' assessment of the going concern basis.

New standards, amendments and IFRIC interpretations

IFRS 16 'Leases' applies for accounting periods beginning on or after 1 January 2019. It sets out the principles for the recognition, measurement and presentation of leases, for both lessees and lessors. IFRS 16 superseded IAS 17 'Leases' and several related interpretations when it became effective on 1 January 2019. The date of initial application for the Company was 1 January 2019.

Following a review, the Company does not act as a lessee or lessor or legally hold any leases as defined in IFRS 16 in its name.

Therefore, there are no new accounting standards, amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2019 which have a material impact on the Company's financial statements.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

1. IFRS 7 “Financial Instruments disclosures”.
2. Paragraphs 91 to 99 of IFRS 13 “Fair value measurement” in respect of disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.
3. IAS 24 “Related party disclosures” in respect of the disclosure of related party transactions entered into between two or more members of a Group.
4. IAS 7 “Statement of cash flows” in respect of the preparation of a statement of cash flow.
5. The following paragraphs of IAS 1 “Presentation of financial statements”:
 - i. Paragraph 79(a)(iv) of IAS 1 in respect of the disclosure of the number of shares outstanding at the beginning and at the end of the period
 - ii. Paragraph 10(d) in respect of the disclosure of Statement of cash flows
 - iii. Paragraph 10(f) in respect of the Balance Sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements
 - iv. Paragraph 16 in respect of the statement of compliance with all IFRS
 - v. Paragraph 38A in respect of the requirement for minimum of two primary statements, including cash flow statements
 - vi. Paragraph 40A-D in respect of the requirement for a third balance sheet when an accounting policy is applied retrospectively or makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements,
 - vii. Paragraph 111 in respect of cash flow information which provides users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows and
 - viii. Paragraph 134-136 in respect of capital management disclosures.

Exemption from preparing group financial statements

The Company is a wholly owned subsidiary of MMC Treasury Holdings (UK) Limited and of its ultimate parent, Marsh & McLennan Companies, Inc. It is included in the consolidated financial statements of Marsh & McLennan Companies, Inc, which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

Company number: **01679424**

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Foreign currency translation

Foreign currency transactions are translated into Sterling, using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Trade and other receivables

Trade and other receivables include amounts due from Group undertakings. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Creditors

Creditors are obligations to pay for goods and services incurred in the ordinary course of business and include amounts due from Group undertakings. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Income tax

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Dividend income

Dividends income is recognised when the right to receive payment is established.

Dividend distribution

Dividends proposed or declared after the balance sheet dates are not recognised as a liability at the balance sheet date. Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

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Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Share based compensation

In respect of share options awarded to group employees the company recognises the cost of the award of share options, less any contribution received towards the cost of purchase, as a capital contribution to the carrying value of its subsidiaries.

Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimate that has a significant effect on the carrying amounts of assets and liabilities is discussed below.

Impairment of assets

Investments in subsidiaries and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are not subject to amortisation are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, management judgement is used to evaluate which events or changes in circumstances may trigger an impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

3 Interest receivable and similar income

	2019 £	2018 £
Interest receivable - amounts due from group undertakings	332,949	2,674,731
Interest receivable – third party	855	-
	<u>333,804</u>	<u>2,674,731</u>

Following the acquisition of the JLT Group by MMC, there is a project underway to settle all remaining intercompany balances and, therefore, the treatment of the balances has been aligned with MMC policies.

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**Notes to the Financial Statements for the Year Ended 31 December 2019
(continued)**

4 Interest payable and similar expenses

	2019	2018
	£	£
Interest payable - amounts due to group undertakings	<u>49,029</u>	<u>2,144,729</u>

Following the acquisition of the JLT Group by MMC, there is a project underway to settle all remaining intercompany balances and, therefore, the treatment of the balances has been aligned with MMC policies.

5 Staff costs

There were no staff, other than directors, employed by the Company during the year (2018:£Nil).

6 Directors remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£	£
Remuneration	16,036,906	6,024,000
Awards receivable in the form of shares under a long term incentive scheme	22,644,564	8,179,000
Contributions paid to money purchase schemes	<u>28,324</u>	<u>155,000</u>
	<u>38,709,794</u>	<u>14,358,000</u>

During the year, the number of directors who were receiving benefits and share incentives was as follows:

	2019	2018
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	3	3
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2019	2018
	£	£
Remuneration	11,022,869	2,496,000
Benefits under long-term incentive schemes	14,581,428	5,205,000
Company contributions to a money purchase pension schemes	<u>19,823</u>	<u>96,000</u>
	<u>25,624,120</u>	<u>7,797,000</u>

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Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Auditor's remuneration

Auditor's remuneration for the statutory audit of the financial statements of the Company for the year ended 31 December 2019 is £35,000.

The Auditor's remuneration is paid on behalf of the Company, by a fellow subsidiary, JLT Management Services Limited.

8 Income tax (income) / expense

	2019 £	2018 £
Current tax		
Current year	(19,638,515)	(8,678,384)
Adjustments in respect of prior years	6,345,323	4,827,318
Total income tax credit	<u>(13,293,192)</u>	<u>(3,851,066)</u>

Following the Budget announcement on 11 March 2020, the UK corporation tax rate (from 01 April 2020) will now be maintained at 19% and will no longer reduce to 17% as previously legislated.

The tax on the Company's profit / (loss) before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2019 £	2018 £
Profit / (loss) before taxation	<u>3,110,104,854</u>	<u>(45,675,706)</u>
Tax calculated at UK Corporation Tax rate of 19% (2018: 19%)	590,919,922	(8,678,384)
Adjustment in respect of prior years	6,345,323	4,827,318
Non-deductible expenses	53,047,906	-
Non-taxable income	<u>(663,606,343)</u>	<u>-</u>
Total income tax credit	<u>(13,293,192)</u>	<u>(3,851,066)</u>

JLT Group Holdings Limited (formerly Jardine Lloyd Thompson Group Ltd and Jardine Lloyd Thompson Group plc)

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Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Investments in subsidiaries

	£
Cost or valuation	
At 1 January 2019	96,805,901
Addition	389,333,592
Decrease	<u>(19,863,479)</u>
At 31 December 2019	<u>466,276,014</u>
Accumulated impairment	
Charge for the year	<u>281,695,504</u>
At 31 December 2019	<u>281,695,504</u>
Carrying amount	
At 31 December 2019	<u>184,580,510</u>
At 31 December 2018	<u>96,805,901</u>

On 24 June 2019, as part of the wider Group reorganisation to integrate the MMC and JLT companies, the Company contributed a receivable of £389,333,592 from MMC Treasury Holdings (UK) Limited to JIB Group Limited in exchange for shares in JIB Group Limited. The net assets of the Companies subsidiaries have reduced due to the Group restructure therefore the provision for impairment has been increased accordingly.

The decrease in investment in subsidiaries is due to the share-based payments recharges invoiced to subsidiaries being in excess of the related capital contribution for 2019.

The subsidiary undertakings held are as follows (ownership is 100%):

	Registered Office Address:
JIB Group Limited	The St Botolph Building 138 Houndsditch, London EC3A 7AW
JLT Insurance Brokers Co., Limited	Room 1801A, Kerry Parkside, No.1155 Fangdian Road, Pudong District, Shanghai, 201204, China
Pet Animal Welfare Scheme Limited	The St Botolph Building 138 Houndsditch, London EC3A 7AW

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**Notes to the Financial Statements for the Year Ended 31 December 2019
(continued)**

10 Debtors

	2019	2018
	£	£
Amounts due from group undertakings	43,820,626	138,834,108
Other receivables	5,083,305	-
Current tax	20,774,192	7,481,000
	<u>69,678,123</u>	<u>146,315,108</u>

Following the acquisition of the JLT Group by MMC, there is a project underway to settle all remaining intercompany balances and, therefore, the treatment of the balances has been aligned with MMC policies.

Amounts due from group undertakings include an agreed loan facility of £25,184,843. Interest is accrued on the principal amount at LIBOR plus 0.5%.

11 Cash at bank and in hand

	31 December	31 December
	2019	2018
	£	£
Cash at bank	-	<u>1,027,275</u>

12 Creditors: Amounts falling due within one year

	2019	2018
	£	£
Amounts due to group undertakings	135,420,743	95,571,242
Other payables	1,300	13,946,409
Dividends payable	-	4,797,821
	<u>135,422,043</u>	<u>114,315,472</u>

Following the acquisition of the JLT Group by MMC, there is a project underway to settle all remaining intercompany balances and, therefore, the treatment of the balances has been aligned with MMC policies.

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Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Called up share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £0.05 each	20,000	1,000	220,181,007	11,009,050

During 2019, there were shares issued at par totalling 2,290,741 shares of £0.05 each.

In addition, on 24 June 2019, the Company's immediate parent, MMC Treasury Holdings (UK) Limited subscribed the sum of £389,333,592 for 20,000 shares of £0.05 each. The Company contributed the receivable of £389,333,592 from MMC Treasury Holdings (UK) Limited to JIB Group Limited in exchange for further shares in JIB Group Limited (see note 9).

Also, on 29 October 2019, the Company capitalised its merger reserve balance of £9,604,000 by issuing 192,080,000 Ordinary shares of £0.05 each to MMC Treasury Holdings (UK) Limited at par for £9,604,000. On the same date, the Company cancelled and extinguished 414,551,748 Ordinary shares of £0.05 each. The amount released as a result of the cancellation and reduction was credited to retained earnings of the Company. The Company also reduced its share premium account of £493,442,983 to nil, the reduction being credited to retained earnings.

14 Parent and ultimate parent undertaking

The Company's immediate parent is MMC Treasury Holdings (UK) Limited.

On 1 April 2019, the Company was acquired by Marsh & McLennan Companies, Inc, which became the Company's ultimate parent undertaking at that date.

For the period ended 31 December 2019, the smallest and largest group in which the results of the Company are consolidated is Marsh & McLennan Companies, Inc. The consolidated financial statements of Marsh & McLennan Companies, Inc are available to the public and may be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

and also from:

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

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**Notes to the Financial Statements for the Year Ended 31 December 2019
(continued)**

15 Subsequent Events

Covid -19

On 11 March 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. No adjustments have been made in these financial statements in respect of the pandemic. Developments in the first half of 2020 have created significant uncertainty about the impact on the global economy and has resulted in significant impacts to the financial markets and asset values around the world. The Company considered the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event expects any impact on the Company to be minimal as it is a non-trading entity.