
JLT SPECIALTY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

JLT SPECIALTY LIMITED

COMPANY INFORMATION

Directors	A J King (resigned 1 January 2021) G R C Munnoch (resigned 1 January 2021) R I White (resigned 1 January 2021) M C Chessher P E Moody
Company secretary	Marsh Secretarial Services Limited
Registered number	01536540
Registered office	The St Botolph Building 138 Houndsditch London EC3A 7AW

JLT SPECIALTY LIMITED

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JLT SPECIALTY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report of JLT Specialty Limited ('the Company') for the year ended 31 December 2021.

Principal activities

Until 1 April 2019, JLT Specialty Limited formed part of the Specialty division of Jardine Lloyd Thompson Group plc (now JLT Group Holdings Limited) ('the JLT Group'). On 1 April 2019, the JLT Group was acquired by Marsh & McLennan Companies, Inc ('MMC' or 'the Group'). The Company did not trade during the year and is not expected to do so in the next twelve months.

On 25 February 2020, all of the Company's employees were transferred under the Transfer of Undertakings (Protection of Employment Regulations) ('TUPE') to Marsh Services Limited, a fellow Group company. On the same day the Company's pension scheme assets and liabilities were also transferred to Marsh Services Limited. On 1 May 2020, the Company's trade, assets and liabilities, excluding the Dubai branch and the client assets, were sold to Marsh Limited, an indirect parent company. The Company's Dubai branch was sold to Marsh Management Services (MENA) Limited on 1 November 2020.

The client assets were transferred to Marsh Limited with effect from 1 January 2021.

For the first ten months of 2020 the principal activity of the Company was insurance broking. The Company has been non-trading since the sale of its trade, assets and liabilities and it is the intention of the directors to remain non-trading in 2022. The Company continues to be authorised and regulated by the Financial Conduct Authority (the 'FCA').

Business review

The loss for the year, before taxation, amounted to £14.5m (2020: profit of £917.3m).

The loss for the year relates to an adjustment to the Company's provision for litigation (see note 18).

During 2020, and as noted above, the Company sold its trade and the majority of its assets, this resulted in a £902.9m gain on sale.

Also during the prior year, as mentioned in Principal activities above, on 25 February 2020 the Company transferred its net defined benefit pension liability to Marsh Services Limited, a fellow Group subsidiary. There was no consideration paid by the Company to Marsh Services Limited in respect of the transfer but Marsh Services Limited was compensated for accepting the additional liability by its immediate parent, MMC UK Group Limited. MMC UK Group Limited is an indirect parent of the Company and the transaction, totalling £25.8m, was therefore accounted for as a capital contribution.

The results of the Company for the year ended 31 December 2021 are set out in the financial statements on pages 10 to 27.

Principal risks and uncertainties

A register of key risks is regularly reviewed and updated by management. The principal risks identified are as follows:

Strategic and Operational Risks

Pandemic risk

Although the impact of Covid-19 continues to be felt across the globe the Company is not expected to be impacted directly as it has no employees.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal risks and uncertainties (continued)

Conduct of Business Risks

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's exposure to credit risk is limited to amounts due from group entities which are not considered a risk.

Regulatory Sanctions/Financial Crime

There are risks arising from historic non-compliance with or misinterpretation of local and international regulations and failure to meet regulatory standards. Due to the sale of trade assets on 01 May 2020 the Company is not expected to be subject to this risk in the future.

Financial Risks

Capital Risk and Liquidity

There are risks arising from an inability to maintain minimum regulatory capital. In order to mitigate this risk the Company regularly performs a review of required minimum regulatory capital against amounts held.

Political risk

As at the date of this report, the escalating tensions in Eastern Europe continue to be assessed through regional and MMC Group level dedicated incident management forums, aligning responses to both local governmental and MMC Group corporate guidance. The Group has strong controls in place to monitor and respond to the changing sanctions environment and the key associated risks have been assessed to support executive decision making.

As a non-trading entity, the impact of political risk on the Company is expected to be minimal.

Financial key performance indicators

Due to the sale of the Company's trade during 2020, the directors do not believe that an analysis of Key Performance Indicators is relevant to an understanding of the Company's performance for the year under review.

JLT SPECIALTY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE “Act”) STATEMENT

The Company forms part of the MMC Group, a global professional services provider, specialising in the areas of risk, strategy and people. 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 ensure 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.

This report was approved by the board and was signed on its behalf on 22 August 2022.

Mark Chessher

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M C Chessher
Director

JLT SPECIALTY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Results

The loss for the year, after taxation, amounted to £14.3m (*2020: profit of £912.6m*).

Dividends

The Directors recommended an interim dividend payment of £40.0m to the Company's parent entity, JLT Insurance Group Holdings Limited, in respect of the financial year ended 31 December 2021 (*2020: interim dividend of £1,127.8m*).

Directors

The directors who served during the year were:

A J King (resigned 1 January 2021)
G R C Munnoch (resigned 1 January 2021)
R I White (resigned 1 January 2021)
M C Chessher
P E Moody

There being no provision in the Company's Articles of Association for the retirement of directors by rotation, the present directors will continue in office.

Qualifying third party indemnity provision

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.

Going concern

The Company ceased to trade during the previous financial year and it is the directors intention to remain non-trading in 2022. The directors have no plans for a change in the principal activities of the Company and ultimately plan to liquidate the company. The directors acknowledge the Company's net liability position of £1.0m (*2020: net assets of £53.3m*). The Company issued share capital subsequent to the year end which restored its balance sheet to a net asset position. As the Company is no longer actively trading, these financial statements are presented on a basis other than going concern.

No adjustments were required as a result of the accounts being prepared on a basis other than of a going concern.

Financial Risk management

The financial risk management of the Company has been disclosed as part of the Principal risks and uncertainties note within the Strategic Report of this document.

Modern slavery act

The Company, as part of the MMC Group, has a commitment to conducting business in a responsible and ethical way, in accordance with its Code of Conduct, 'The Greater Good' and with fulfilling its objectives under the Modern Slavery Act.

JLT SPECIALTY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Branches outside the United Kingdom

The Company had a branch in Dubai, United Arab Emirates which was sold to Marsh Management Services (MENA) Limited, effective 1 November 2020.

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

Provision for litigation

In 2017, JLT identified payments to a third-party introducer that had been directed to unapproved bank accounts. These payments related to reinsurance placements made on behalf of an Ecuadorian State owned insurer between 2014 and 2017. In early 2018, JLT voluntarily reported this matter to law enforcement authorities. In February and March 2020, money laundering charges were filed in the United States against a former employee of JLT, the principals of the third-party introducer and a former official of the state-owned insurer. These individuals, including the former JLT employee, have since pleaded guilty to criminal charges.

In March 2022, the U.S. Department of Justice (DOJ) issued a declination letter, declining to pursue any charges against any JLT entity and seeking disgorgement of \$29 million in alleged gross profits on this account. In March 2022, the Colombian Superintendencia de Sociedades (SS) concluded its investigation of this matter and notified JLT of its intention to seek \$2 million in civil penalties. The SS issued its final resolution in May 2022. The Company has recorded a provision for this matter in the 2021 financial statements. These provisions and the legal fees associated with the investigations have been split between JLT Specialty Limited and a fellow Group subsidiary, JLT Colombia Wholesale Limited.

In June 2022, the Company reached an agreement to settle the investigation by the UK Financial Conduct Authority for £7.9m in civil penalties which concluded the FCA's investigation into this matter. The full amount of this penalty has been included in the Company's provision at 31 December 2021.

Issue of shares

On 28 June 2022, the Company issued 1,000 ordinary £1.00 shares with a premium of £2,499,000 to its immediate parent company, JLT Insurance Group Holdings Limited.

Auditor

The auditor, Deloitte LLP, has indicated their willingness to continue in office and will be deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board and was signed on its behalf on 22 August 2022.

Mark Chessher

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M C Chessher
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JLT SPECIALTY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of JLT Specialty Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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 21.

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" (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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2.4 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JLT SPECIALTY LIMITED (CONTINUED)

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 and internal audit about their own identification and assessment of the risks of irregularities.

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 and tax legislations; 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, valuations, pensions, IT, forensic and industry 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JLT SPECIALTY LIMITED (CONTINUED)

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; and
- reading minutes of meetings of those charged with governance and 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; or

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.



Adam Knight FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 23 August 2022

JLT SPECIALTY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	<i>2020 £000</i>
Turnover	4	-	64,629
Administrative expenses		(14,469)	(52,276)
Operating (loss)/profit	5	(14,469)	12,353
Gain on disposal of businesses	11	-	902,878
Interest receivable and similar income	6	-	2,127
Interest payable and similar expenses	7	-	(80)
(Loss)/profit before tax		(14,469)	917,278
Tax on (loss)/profit	12	156	(4,654)
(Loss)/profit for the financial year		(14,313)	912,624

The notes on pages 15 to 27 form part of these financial statements.

The above results were derived from discontinued operations.

JLT SPECIALTY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	<i>2020 £000</i>
(Loss)/profit for the financial year		(14,313)	912,624
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations		-	(5,927)
Current and deferred tax		-	1,008
		-	(4,919)
Total comprehensive (expense)/income for the year		<u>(14,313)</u>	<u>907,705</u>

The notes on pages 15 to 27 form part of these financial statements.

JLT SPECIALTY LIMITED
REGISTERED NUMBER: 01536540

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £000	2020 £000
Current assets				
Debtors: amounts falling due within one year	14	14,392	44,868	
Cash at bank and in hand	16	-	394,189	
		14,392	439,057	
Creditors: amounts falling due within one year	17	(864)	(383,942)	
Net current assets			13,528	55,115
Total assets less current liabilities			13,528	55,115
Provisions for liabilities	18	(14,575)	(1,849)	
		(14,575)	(1,849)	
Net (liabilities)/assets			(1,047)	53,266
Capital and reserves				
Called up share capital	19		1	1
Profit and loss account			(1,048)	53,265
			(1,047)	53,266

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 August 2022.

Mark Chessher

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M C Chessher
 Director

The notes on pages 15 to 27 form part of these financial statements.

JLT SPECIALTY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	1	53,265	53,266
Comprehensive loss for the year			
Loss for the year	-	(14,313)	(14,313)
Total comprehensive loss for the year	-	(14,313)	(14,313)
Dividends	-	(40,000)	(40,000)
At 31 December 2021	<u>1</u>	<u>(1,048)</u>	<u>(1,047)</u>

The notes on pages 15 to 27 form part of these financial statements.

JLT SPECIALTY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	15,224	12,907	217,724	245,855
Comprehensive income for the year				
Profit for the year	-	-	912,624	912,624
Other comprehensive income	-	-	(4,919)	(4,919)
Total comprehensive income for the year	-	-	907,705	907,705
Dividends	-	-	(1,127,808)	(1,127,808)
Amounts in respect of share based payments:				
Capital contribution from the parent	-	-	1,676	1,676
Amount in respect of capital contribution towards net pension liability	-	-	25,838	25,838
Capital reduction	(15,223)	(12,907)	28,130	-
At 31 December 2020	1	-	53,265	53,266

The notes on pages 15 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

The Company is a private company limited by share capital incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 3.

The address of its registered office is:
The St Botolph Building
138 Houndsditch
London
EC3A 7AW

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 New standards, amendments and IFRIC interpretations

There are no new accounting standards, amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2021 which have a material impact on the Company's financial statements.

2.4 Going concern

The Company ceased to trade during the previous financial year and it is the directors intention to remain non-trading in 2022. The directors have no plans for a change in the principal activities of the Company and ultimately plan to liquidate the company. The directors acknowledge the Company's net liability position of £1.0m (2020: *net assets of £53.3m*). The Company issued share capital subsequent to the year end which restored its balance sheet to a net asset position. As the Company is no longer actively trading, these financial statements are presented on a basis other than going concern.

No adjustments were required as a result of the accounts being prepared on a basis other than of a going concern.

2.5 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 profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Revenue recognition

Revenue comprised both commission and fees for the services undertaken to place and administer contracts of insurance and for other related services. Revenue may have comprised a combination of fees, commissions and other forms of variable consideration. The transaction price considered all of the elements for each contract and applied constraints to variable consideration based on the past performance of similar contracts.

Insurance broking related services

Revenue may have comprised a combination of fees, commissions and other forms of variable consideration. Where the contract specifically identified the performance obligations then revenue was recognised accordingly.

Where there was no separate arrangement, revenue was considered to be wholly related to the placement activity and recognised at the later of the policy inception date, or the date on which the placement was complete and confirmed. Where there were separate arrangements or where other performance obligations were separate and distinct from placement, revenue was deferred to cover the provision of services that were more than administrative in nature and that were separate and distinct. In the main these post-placement performance obligations related to the provision of claims related services.

Contract modifications were treated on a cumulative catch-up basis or as a new contract depending on the circumstances in each case.

A deferral of revenue was made to cover the likelihood of contract cancellation.

Fulfilment costs, which mainly represented the direct costs incurred from appointment or renewal instruction to the point at which placement was confirmed, were amortised in full when the placement revenue was recognised.

Revenue deferrals and fulfilment costs were mainly calculated on a portfolio basis, with estimates made based on past history.

Incremental costs to obtain a contract were capitalised where they could be directly identified and were expected to be recovered.

Other services

These were mainly fee-based arrangements and revenue was recognised in line with the distinct and separate performance obligations in the contract.

Fulfilment and other incremental costs to obtain the contract were capitalised where they were expected to be recovered and amortised as the revenue was recognised for each specific performance obligation.

Fees and other income receivable were recognised in the period to which they related and when they could be measured with reasonable certainty.

2.7 Interest income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Taxation

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 balance sheet date in the countries where the Company operates and generates income.

2.10 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.

2.11 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.

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 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 Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Critical accounting estimates and judgments

In the application of the Company's accounting policies, which are described above, the directors are required to make judgments, 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 directors have reviewed the critical judgements (apart from those involving estimations) in applying the Company's accounting policies and consider that there are no critical accounting judgements.

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 a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provisions for liabilities

The Company has a provision for litigation in relation to payments to a third-party introducer that had been redirected to unapproved bank accounts (see note 18). The Company analysed its litigation exposure based on available information, including external legal consultation, and assessed its potential liability. Costs associated with the litigation are still being finalised and the final cost of the litigation could be materially different to the estimate included in these financial statements.

4. Turnover

The analysis of the Company's revenue for the year is as follows:

	2021	2020
	£000	£000
Europe	-	45,498
North America	-	7,827
Rest of the world	-	11,304
	-	64,629
	-	64,629

JLT SPECIALTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021	2020
	£000	£000
Staff costs	-	32,233
Impairment of trade receivables	-	91
Exceptional items	-	795
Depreciation of tangible fixed assets	-	69
Amortisation of capitalised employment contracts	-	378
Net foreign exchange losses/(gains)	710	(519)
	<u>710</u>	<u>(519)</u>

Costs noted above as exceptional in 2020 were attributable to the acquisition of the JLT Group by MMC Group, which took place on 1 April 2019.

6. Interest receivable and similar income

	2021	2020
	£000	£000
Interest receivable - Group	-	232
Interest receivable - Third party	-	1,895
	<u>-</u>	<u>2,127</u>

Group interest reported in 2020 related to interest from the corporate bank account and intergroup loans and third party interest related to interest from fiduciary fund balances.

7. Interest payable and similar expenses

	2021	2020
	£000	£000
Pension scheme finance costs	-	80
	<u>-</u>	<u>80</u>

JLT SPECIALTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

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

	2021	<i>2020</i>
	£000	<i>£000</i>
Wages and salaries	-	28,098
Social security costs	-	2,132
Other pension costs, defined contribution scheme	-	2,003
	<hr/>	<hr/>
	-	32,233
	<hr/> <hr/>	<hr/> <hr/>

All of the Company's employees were transferred to Marsh Services Limited on 25 February 2020 under the TUPE regulations. The Company has been charged and bears the cost for the remuneration and other associated benefits paid on its behalf by fellow group subsidiaries. The average monthly number of employees, including the directors, during the year was as follows:

	2021	<i>2020</i>
	No.	<i>No.</i>
Broking and technical	-	892
Administration	-	40
	<hr/>	<hr/>
	-	932
	<hr/> <hr/>	<hr/> <hr/>

9. Auditors' remuneration

	2021	<i>2020</i>
	£000	<i>£000</i>
Fees payable to the Company's auditor in respect of:		
Audit of the Company	29	29
Audit related services	-	60
	<hr/>	<hr/>
	29	89
	<hr/> <hr/>	<hr/> <hr/>

In 2021, the Auditors' remuneration was paid, on behalf of the Company, by a fellow subsidiary, Marsh Corporate Services Limited.

JLT SPECIALTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Directors' remuneration

	2021	<i>2020</i>
	£000	<i>£000</i>
Aggregate emoluments excluding pension scheme contributions	-	50
	<u>-</u>	<u>50</u>
	<u>-</u>	<u>50</u>

There were no directors (*2020: None*) who received shares under long term incentive schemes, exercised share options during the year or benefits accrued under money purchase pension scheme.

In respect of the highest paid director:

	2021	<i>2020</i>
	£000	<i>£000</i>
Aggregate emoluments excluding pension scheme contributions	-	50
	<u>-</u>	<u>50</u>

11. Disposal of businesses

Disposal of JLT Specialty business to Marsh Limited in 2020

On 1 May 2020, the Company sold its trade, assets and liabilities to Marsh Limited, an indirect parent company. This sale excluded the trade of the Dubai branch, client assets and the Company's defined benefit pension scheme assets and liabilities. The goodwill balances held by the Company related to the trade sold and have been written off. This transaction resulted in the Company recognising a profit on disposal of business of £895.6m.

Disposal of Dubai branch in 2020

On 29 October 2020, the Board approved the sale of its Dubai DIFC branch to Marsh Management Services (MENA) Limited, for a sale consideration of USD 17m. All of the branch business and assets were disposed of as part of the sale, effective 1 Nov 2020. This transaction resulted in the Company recognising a profit on disposal of business of £7.3m.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Taxation

	2021	<i>2020</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	(156)	3,353
Adjustments in respect of previous periods	-	1,650
Total current tax	(156)	5,003
Deferred tax		
Origination and reversal of timing differences	-	(300)
Adjustments in respect of prior years	-	(49)
Total deferred tax	-	(349)
Tax on (loss)/profit	(156)	4,654

Factors affecting tax charge for the year

The tax assessed for the year is higher than (*2020 - lower than*) the standard rate of corporation tax in the UK of 19% (*2020 - 19%*). The differences are explained below:

	2021	<i>2020</i>
	£000	<i>£000</i>
(Loss)/profit before tax	(14,469)	917,278
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (<i>2020 - 19%</i>)	(2,749)	174,283
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,593	49
Adjustments in respect of prior years	-	1,601
Non-taxable income	-	(171,828)
Other timing differences leading to an increase (decrease) in taxation	-	549
Total tax charge for the year	(156)	4,654

Following enactment of the Finance Bill 2021 on 10 June 2021, the UK Corporation Tax rate (from 1 April 2023) has been increased to 25%.

JLT SPECIALTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Dividends

	2021	<i>2020</i>
	£000	<i>£000</i>
Dividend paid	40,000	1,127,808
	40,000	<i>1,127,808</i>
	40,000	<i>1,127,808</i>

A total dividend of £40.0m was paid during the year, totalling £40,000 per share, to the Company's immediate parent, JLT Insurance Group Holdings Limited (*2020: £1,127.8m paid, totalling £74.08 per share*).

14. Debtors

	2021	<i>2020</i>
	£000	<i>£000</i>
Amounts owed by group undertakings	14,236	44,868
Amounts owed by group undertakings in respect of tax	156	-
	14,392	44,868
	14,392	44,868

15. Deferred taxation

	2021	<i>2020</i>
	£000	<i>£000</i>
At beginning of year	-	4,797
Arising on business combinations	-	(6,012)
Charged to other comprehensive income	-	866
Charged to profit or loss	-	349
At end of year	-	<i>-</i>
	-	<i>-</i>

Following enactment of the Finance Bill 2021 on 10 June 2021, the UK Corporation Tax rate (from 1 April 2023) has been increased to 25%.

Deferred tax timing differences have been provided for at the enacted tax rate at the balance sheet date.

There are no unrecognised deferred tax balances.

JLT SPECIALTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Cash and cash equivalents

	2021	<i>2020</i>
	£000	<i>£000</i>
Cash at bank and in hand	-	394,189
	<u>-</u>	<u>394,189</u>
	<u>-</u>	<u>394,189</u>

The 2020 cash balances above included client money held in the form of premiums due to underwriters and claims made by insurers due to policy holders of £379.5m. Whilst held in the Company's non-statutory trust accounts under appropriate client money regulation, fiduciary funds held were controlled by the Company and economic benefits were derived from them. As such these funds were recognised as an asset on the Company's balance sheet. Fiduciary funds were not available for general corporate purposes.

Within own funds, also known as corporate funds, £14.0m was held in a ring fenced account and deemed restricted in accordance with the requirements made by the Financial Conduct Authority.

The Fiduciary funds were transferred to Marsh Limited effective 01 January 2021.

17. Creditors: Amounts falling due within one year

	2021	<i>2020</i>
	£000	<i>£000</i>
Trade creditors	-	379,518
Amounts owed to group undertakings	864	801
Other taxation and social security	-	440
Accruals and deferred income	-	3,183
	<u>864</u>	<u>383,942</u>
	<u>864</u>	<u>383,942</u>

The client assets (including client creditors) were transferred to Marsh Limited with effect from 1 January 2021.

JLT SPECIALTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Provisions

	Litigation provision £000
At 1 January 2021	1,849
Charged to profit or loss	13,759
Utilised in year	(1,033)
At 31 December 2021	14,575

In 2017, JLT identified payments to a third-party introducer that had been directed to unapproved bank accounts. These payments related to reinsurance placements made on behalf of an Ecuadorian State owned insurer between 2014 and 2017. In early 2018, JLT voluntarily reported this matter to law enforcement authorities. In February and March 2020, money laundering charges were filed in the United States against a former employee of JLT, the principals of the third-party introducer and a former official of the state-owned insurer. These individuals, including the former JLT employee, have since pleaded guilty to criminal charges.

In March 2022, the U.S. Department of Justice (DOJ) issued a declination letter, declining to pursue any charges against any JLT entity and seeking disgorgement of \$29 million in alleged gross profits on this account. In March 2022, the Colombian Superintendencia de Sociedades (SS) concluded its investigation of this matter and notified JLT of its intention to seek \$2 million in civil penalties. The SS issued its final resolution in May 2022. The Company has recorded a provision for this matter in the 2021 financial statements. These provisions and the legal fees associated with the investigations have been split between JLT Specialty Limited and a fellow Group subsidiary, JLT Colombia Wholesale Limited.

In June 2022, the Company reached an agreement to settle the investigation by the UK Financial Conduct Authority for £7.9m in civil penalties which concluded the FCA's investigation into this matter. The full amount of this penalty has been included in the Company's provision at 31 December 2021.

19. Share capital

	2021 £000	<i>2020 £000</i>
Allotted, called up and fully paid		
1,000 (2020 - 1,000) Ordinary shares of £1.00 each	1	1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

20. Post balance sheet events

Provision for litigation

An ongoing provision for litigation has been reported during the year and details for this can be found in the Post balance sheet events section of the Directors Report (page 5) and well as in the Provisions note (note 18).

Issue of shares

On 28 June 2022, the Company issued 1,000 ordinary £1.00 shares with a premium of £2,499,000 to its immediate parent company, JLT Insurance Group Holdings Limited.

21. Controlling party

The Company's immediate parent undertaking is JLT Insurance Group Holdings Limited, registered in England and Wales, and the ultimate holding company is Marsh & McLennan Companies, Inc. incorporated in the state of Delaware, United States of America.

For the period ended 31 December 2021 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.