Registered number: 01536540

JLT SPECIALTY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report of JLT Specialty Limited ('the Company') for the year ended 31 December 2020.

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’). Subsequently, on 2 December 2019, JLT Insurance Group Holdings Limited, the Company’s immediate parent undertaking at that date, was acquired by Marsh Limited, another entity in the MMC Group.

As part of the integration of the JLT entities into the MMC Group, on 25 February 2020, all 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 the financial year the principal activity of the Company was insurance broking. The Company has been non-trading since and it is the intention of the directors to remain non-trading in 2021. The Company continues to be authorised and regulated by the Financial Conduct Authority (the 'FCA').

Business review

Turnover reduced by 76% to £64.6m (2019: £264.1m) mainly due to the disposal of the business to Marsh Limited effective 1st May 2021.

Operating profit for the year was £12.4m (2019: £13.3m).

Profit for the year before taxation amounts to £917.3m (2019: £151.6m).

As noted above, the Company sold its trade and the majority of its assets in the year ended 31 December 2020, this resulted in a £902.9m gain on sale.

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, has therefore been accounted for as a capital contribution.

On 27 April 2020, the Company cancelled and extinguished 15,222,691 Ordinary shares of £1 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 £12,097,054 to nil, the reduction also being credited to retained earnings.

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
On 11 March 2020, the World Health Organization declared Covid-19 a pandemic. As this continued to spread through contagion, it had, and continues to have, a disruptive impact on the global and UK economy and had the potential to adversely impact the Group, of which the Company is a part, across a number of key financial and operational areas. The Group has taken a considered approach to minimising and managing the impact of the pandemic and has well formulated contingency plans, which continue to adapt as changes to circumstances occur.

Loss of IT Environment
These are risks arising from non-performance of an IT supplier, malicious act, cyber crime and staff not following IT policies and procedures. These risks are mitigated by having detailed IT policy and procedures in place, strong governance procedures over IT outsourcing and service level agreements in place and monitoring compliance with the Group IT security policy and service level agreements.

Information Security
There is a risk of loss of records, breach of confidentiality or inadequate security measures. These risks are mitigated by the Company having limits of authority in place. Additionally, risk-based monitoring and reviews are performed by Group Information Security Officer and Group Internal Audit.

Conduct of Business Risks

Errors & Omissions
There are risks arising from non-compliance with operating procedures in place across the Company, or alleged negligence in provision of services/advice. These risks are mitigated by common operating procedures and compliance policy and continuous training in errors & omissions avoidance. There is also a formal and regular process of compliance monitoring and strong procedural and systems controls including workflow management.

Litigation
Litigation risk can arise from a number of different sources such as:

• M&A litigation (e.g. breach of Sale & Purchase Agreement)
• Breach of Employment Law
• Tortious liability arising from the recruitment of individuals where appropriate recruitment controls are not adhered to.

In order to mitigate these there is a dedicated Group Legal and Group M&A function with oversight responsibilities, continuous staff training in HR policies and procedures combined with a formal recruitment process.

Regulatory Sanctions/Financial Crime
There are risks arising from non-compliance with or misinterpretation of local and international regulations and failure to meet regulatory standards. These are mitigated with regular and ongoing quality and compliance audits, operating procedures and compliance policy and continuous staff training programmes.

Principal risks and uncertainties (continued)

Financial Risks

Capital Risk and Liquidity
There are risks arising from an inability to maintain minimum regulatory capital and ensure access to sufficient working capital appropriate to the volume of trading. In order to mitigate these risks the Company regularly updates the Board on current and projected regulatory capital base requirements. The Company performs regular sensitivity / stress testing of regulatory capital base, performs cash flow forecasts and reviews receivables balances for impairment.

Price risk
The Company does not have a material exposure to commodity price risk.

Counterparty Risk
There is a risk of loss of own cash, fiduciary funds, investments and deposits, and derivative assets and receivables as a result of the failure of key counterparties. To mitigate these risks the Company has an investment and counterparty policy to limit the concentration of funds and exposure with any one party. It manages and monitors the counterparty limits, financial strength and credit profile of key counterparties, counterparty limits, ratings, utilisation and compliance with applicable regulation are regularly reviewed and formal and regular review of trading partners are carried out.

Political risk

Brexit
Prior to the departure of the United Kingdom from the European Union on 31 January 2020 and the end of the transition period on 31 December 2020 the directors considered the key risks and impact of Brexit on the Company and took steps to mitigate these. Therefore, Brexit is not considered to be an ongoing operational or strategic risk to the Company.

Financial key performance indicators

Due to the sale of the Company’s trade during the financial year, 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.

Directors' statement of compliance with duty to promote the success of the Company

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE “Act”) STATEMENT
The Wates Corporate Governance Principles for Large Private Companies serves as the framework to demonstrate how Directors have had regard for the matters set out in section 172(1)(a) to (f) of the Act when performing their duties, including how Directors have engaged with and considered the interests of stakeholders including UK employees, suppliers, customers and those in a principal business relationship with the Company. Reporting against the Wates Principles is included in the Corporate Governance Statement below.

Corporate Governance Statement
For the year ended 31 December 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies, which can be found at www.wates.co.uk/who-we-are/corporate-governance. The Directors have set out below an explanation of how the Wates Principles have been applied during the 2020 year.

Principle One - Purpose and leadership
“An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.”

Purpose
The Company is part of the Marsh McLennan Group (the Group), a global professional services provider, specialising in the areas of risk, strategy and people. These services are delivered through four businesses, namely Marsh, Mercer, Guy Carpenter and Oliver Wyman.

The Company is part of the Marsh business, which provides risk management and reinsurance broking services to clients. It is a global leader in insurance broking and risk management. The business aims to help clients understand and manage risks, provides advice on emerging risks and helps ensure clients have the resilience to withstand the unexpected. Work includes interaction with clients of all sizes and in all industries and services including risk management, risk consulting, insurance broking, alternative risk financing and insurance programme management services.

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

The Company’s purpose is to generate value for its shareholder and to ensure the sound and prudent management of the firm, with due regard for the interests of the Company’s other stakeholders.

Strategy
The strategy for the financial year ended 31 December 2020, was for the Company to transfer its trade assets and liabilities to Marsh Limited as part of the integration of the JLT Group into the MMC Group; subsequently client assets were transferred on 1 January 2021.

Principle Two - Composition
“Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.”

Chairman
The Company had, as at 31 December 2020, an Executive Chairman. The Chairman was responsible for the ethical leadership and effective operation of the Board, including establishing the framework and procedures to govern the work of the Board and to support Directors in the discharge of their legal and regulatory obligations. The terms of reference for the Board set out the matters reserved for the decision of the Board. The Board operates in line with the principles of good conduct set out in MMC Group’s ethical policy, “The Greater Good”.

Directors' statement of compliance with duty to promote the success of the Company (continued)

Non-Executive Directors
At 31 December 2020, the Board had one Non-Executive Director who was responsible for bringing independent and objective judgment to deliberations and the formulation of strategy and for providing constructive challenge of executive management in the areas of remuneration, risk, audit and internal controls. Following the transfer of business and client monies to Marsh Limited, the Non-Executive Director resigned with effect from 1 January 2021.

Balance and Diversity and Size and Structure
At 31 December 2020, the Board comprised 5 directors, which included a Non-Executive Director and one female director. Board members had a range of skills, expertise and experience in, amongst other things, the fields of insurance broking, accountancy, operations and commercial management.

Principle Three - Director Responsibilities
“The board and individual directors should have a clear understanding of their accountability and responsibilities. The board´s policies and procedures should support effective decision-making and independent challenge.”

Accountability
The Board had an established governance framework, including clearly documented terms of reference for the Board. The terms of reference set out the Board’s responsibility for leading and directing the affairs of the Company, with consideration for the interests of other stakeholders and there are clear delegations of authority in place between the Board and the Chief Executive Officer. In 2020, the Board met a total of 5 times and, in addition to its usual areas of focus, key discussion areas concerned transactions relating to the integration of the JLT business with Marsh.

Committees
During 2020, the Board assumed the responsibilities of its former Risk and Audit Committee.

Integrity of Information
During 2020 the Board received regular reports on business and financial performance, key risks and opportunities, strategy, operational matters, market conditions, human resources, legal, compliance, and regulatory matters.

Key financial information was collated by the Group´s centralised Finance Function from its various accounting systems. The Group’s finance function had the appropriate independence, expertise and qualifications to ensure the integrity of this information and was provided with the necessary training to keep up to date with regulatory changes. Deloitte LLP, the Company’s External Auditor, on an annual basis, externally audits financial information and financial controls are routinely reviewed by the Group’s centralised MMC Internal Audit function.

Principle Four - Opportunity and Risk
“A Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establish oversight for the identification and mitigation of risks.”

Opportunity
The Board periodically considers opportunities to improve business performance and achieve operational efficiencies.

Directors' statement of compliance with duty to promote the success of the Company (continued)

Risk
The Board was responsible for determining the Company´s risk appetite and for ensuring that sound risk management and internal control systems were maintained.

During the year, the Board kept under review, amongst other things, the Company's top risks including its strategic risks, the risk management performance of key business areas and conduct risks, as well as oversight of the effectiveness of the Company's risk management framework and operational controls.

Principle Five - Remuneration
"A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company."

Policies
The MMC Group, of which the Company is a part, ensures that remuneration proposals for the workforce as a whole are balanced, proportionate and aligned with the Company´s commitment to building a diverse and inclusive workforce.

During 2020, the Company produced a Gender Pay Gap Report, which was carefully scrutinised and discussed by the Board prior to publication. For further details in this regard, please refer to the Company´s latest Gender Pay Gap Report which can be found at https://www.marsh.com/uk/about-marsh/gender-pay-gap.html

Principle Six - Stakeholder Relationships and Engagement
"Directors should foster effective stakeholder relationships aligned to the company´s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions."

The Board outlined in its terms of reference its purpose, which was to generate value for its shareholder and to ensure the sound and prudent management of the firm, with due regard for the interests of the Company´s other stakeholders.

Shareholder
As a wholly owned subsidiary, the Board duly considered the views of its ultimate shareholder, Marsh & McLennan Companies Inc., and the interests of the Group as a whole as part of any major decisions and transactions undertaken by the Company. The Chairman of the Board and the Executive Directors provide the primary channel of communication between the Company, its shareholder and the wider Group.

Distributions to the Company´s shareholder were only considered after a full assessment of capital adequacy. Further information on dividends is set out in the Note 14 to the Financial Statements.

The Greater Good, which is the Group´s Code of Conduct, applies to all Directors of the Company and it embodies the 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.

Employees
The Group, of which the Company is a part, was committed to reinforcing a wholly inclusive culture across a truly diverse workforce. One aspect of this is demonstrated through a commitment to the Women in Finance Charter to increase the number of females in senior grades to 25% by the end of 2023.

2020 was the first year the combined Marsh, Guy Carpenter and Marsh & McLennan UK Corporate group has reported on its diversity and inclusion strategy. The extension of the submission will allow the Executive Leadership to further deliver on its commitment to gender diversity and align the different entities to one common goal.

Directors' statement of compliance with duty to promote the success of the Company (continued)

The combined Marsh, Guy Carpenter and Marsh & McLennan UK Corporate group *2020 Women in Finance Charter* is published annually and can be found at https://www.marsh.com/uk/about-marsh/women-in-finance.html.

A number of Colleague Resource Groups have been established to help the organisation better understand and support a wide range of inclusive constituents of our workforce. These groups include AccessABILITIES, Balance, Mental Health, Military, Multi-Cultural, Pride and Young Professionals.

Community

The Company, and the Group as a whole, recognise that in a world facing increasing risk and uncertainty, supporting our communities is more important than ever before. To this end, the Group has established a committee, comprised of representatives from across its businesses in the UK, including a representative of the Company, to focus on our Social Impact (formerly CSR) efforts in the UK. Given the Group´s expertise in risk, strategy and people, our social impact efforts are focused on ‘building resilient communities through mentoring and disaster response & rebuilding'.

By aligning its Social Impact programmes with the business priorities and experience, the Group is able to demonstrate its commitment to its communities in the UK while supporting the business. The Group partners with select strategic global non-profit organisations, including; the Cherie Blair Foundation for Women, Junior Achievement, Missing Maps and the British Red Cross in the UK and encourages colleagues to volunteer with its non-profit partners for local causes that are important to them and their clients. Following a successful partnership with the British Red Cross, the new charity partner is Ambitious About Autism.

In 2020, COVID-19 significantly impacted fundraising, with in-person events suspended. To mitigate this, virtual fundraising campaigns and events were held.

The Group has developed climate initiatives, which represent a tangible step towards building a more sustainable environment for colleagues, clients, shareholders and future generations. More information on the initiatives may be found in the Streamline Energy and Carbon Report on page 10.

Suppliers

The Group’s relationship with suppliers is managed through Marsh McLennan's Global Sourcing and Procurement department. The relationships with suppliers are governed either by a specific contractual agreement or a standard terms and conditions agreement with the supplier, both of which oblige all suppliers to uphold and comply with the Marsh McLennan corporate code of conduct: 'The Greater Good'. This document outlines the key tenets of our anti-fraud, anti-slavery, bribery and corruption policy, diversity & inclusion practices, hiring practices, and more. Suppliers and supplier personnel are expected to comply with the relevant provisions of such as part of our contractual agreements.

Marsh McLennan actively seeks to encourage and assist diverse suppliers interested in competing for opportunities to supply goods and services and encourages all of our suppliers to take similar action with their own suppliers. We recognize that by partnering with diverse suppliers, we can create more value for our clients and the communities we serve. In committing to deliver value and leadership through diversity, Marsh McLennan is doing the following:

- Utilizing purchasing strategies, processes, and behaviours consistent with diversity and inclusiveness
- Actively and routinely seeking out qualified, diverse suppliers that can provide competitive and high-quality goods and services
- Encouraging participation and support of supplier diversity by major suppliers to Marsh McLennan
- Collaborating with our clients and suppliers on innovative ways to promote supplier diversity
- Creating opportunities to assist in the development and recognition of diverse supplier groups through instruction, mentoring, and other outreach activities
- Monitoring progress on the effectiveness of our supplier diversity efforts

Directors' statement of compliance with duty to promote the success of the Company (continued)

The Group, of which the Company is a part, is committed to ensuring that slavery and human trafficking is not taking place in any of its supply chains or any part of its business and has in place a Modern Slavery Policy, which has been rolled out to all colleagues.

All suppliers are required to comply with modern slavery legislation under the standard terms and conditions of our contracting agreements and the Group's Global Sourcing and Procurement team issue an annual modern slavery supplier questionnaire to certain suppliers (selected on a risk based approach) to monitor compliance. The Marsh Modern Slavery Statement is published annually and can be found at https://www.marsh.com/uk/modern-slavery-statement.html

This report was approved by the board on 24 September 2021 and signed on its behalf.

Mark Chessher

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M C Chessher
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £912,624 thousand *(2019 - £123,953 thousand)*.

Dividends

The Directors recommend a final dividend payment of £1,127.8m (2019: £Nil) be made in respect of the financial year ended 31 December 2020. The dividend of £74.08 per share (£1,127.8m) was settled during the year and no further dividends have been proposed.

Directors

The directors who served during the year and to the date of this report 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 year. It is the intention of the directors to remain non-trading in 2021. The directors' intention is that the Company remains a going concern for the next twelve months. The directors do not consider that the ongoing Covid-19 pandemic has an effect on their assessment of the Company as a going concern, as the Company is a non-trading entity.

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 documents.

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.

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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company, as part of the Group recognises its obligation to be good stewards of the environment and continues to look at ways to minimise its carbon footprint and impact on the environment. The Company's UK facilities are largely operated on a shared basis with other operating companies within the MMC group of companies.

On the 14 January 2021, MMC announced a series of carbon commitments. Firstly, it has pledged to be carbon neutral in 2021 through the reduction of greenhouse gas emissions in its own operations and the purchase of verifiable offsets. Secondly, it has committed to reduce its carbon emissions by 15% below 2019 levels by the year 2025. The specifics of these commitments are set out in greater detail in the MMC ESG Report issued on 31 March 2021 and can be found on: https://www.mmc.com/about/esg.html.

The Company operates from offices that are owned or leased, but which are managed centrally. The data in the table below comprises actual consumption of gas and electricity for the sites where the Company procures these. For landlord managed sites, the electricity consumption has been estimated. The Company does not estimate the consumption of gas in landlord managed sites, as it is not always the case that a site is supplied with gas.

At the end of December 2020, MMC in the UK occupied 114 sites; data has been estimated for 69 of these. These sites make up 36% of the total area of space occupied by MMC in the UK.

A number of initiatives have been undertaken to reduce emissions. In October 2019 an MMC UK operating company entered into a contract for the supply of electricity into company-managed sites using 100% renewable, wind and solar energy. 98% of non-landlord managed offices are supplied through this contract. In 2019, 1,447 tonnes of carbon was avoided by using this arrangement. In 2020, this increased to 4,372 tonnes. The two landlord managed sites with the highest number of company staff located at them are also supplied with 100% renewable electricity.

A programme is in place to improve the quality of energy monitoring; this includes installing sub-meters that measure the consumption of electricity throughout the day, which is used to help improve the efficiency of buildings and the operation of the buildings' systems.

The table below sets out the Company's emission information as required by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Energy usage and emissions are analysed between Scope 1 (activities directly controlled by the entity), Scope 2 (indirect emissions from purchased electricity, heat, steam and cooling from sources not controlled by the Company) and Scope 3 (indirect emissions not classified as Scope 2 emissions).

The Company is required to report on location and market bases. Location based metrics present the consumption of the Company's energy in KwH in equivalent carbon emissions. Market based metrics follow the same methodology of conversion of KwH to carbon emissions, but also accounts for the Company's decision to purchase renewable energy, resulting in a lower emissions value.

Using headcount as the measure of intensity for SECR purposes, consumption per person was 0.70 tonnes of CO_2 location bases and 0.60 tonnes market based in 2019. This reduced to 0.55 tonnes CO_2 per person location based and 0.20 tonnes market based in 2020. An approximation of headcount relating to the JLT Specialty Limited portion of the business for 2020 has been used for the purposes of preparing this SECR report.

Tonnes of CO2 emissions (TCO2e)

		UK (excluding offshore)
		2020
Emissions from combustion of gas (Scope 1 – tonnes of CO2e)		17
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO2e)		1
	Location Based	Market Based
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO2e)	151	44
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO2e)	-	-
Total gross TCO2e based on above	169	61
	Electricity (kWh)	Gas (kWh)
Energy consumption used to calculate emissions - kwh	648,935	92,687
Total		741,623
Intensity measurement, TCO2e per employee	0.55	0.20
Headcount as at 31st December		308

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

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

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 on 24 September 2021 and signed on its behalf.

Mark Chessher
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M C Chessher
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 ‘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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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 2020 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 28.

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.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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 regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

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

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.

Adam Knight FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

London
United Kingdom

Date: 24 September 2021

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	*2019* *£000*
Turnover	4	64,629	*264,087*
Total Turnover		64,629	*264,087*
Administrative expenses		(52,276)	*(250,801)*
Operating profit	5	12,353	*13,286*
Interest receivable and similar income	6	2,127	*8,522*
Interest payable and similar expenses	7	(80)	*(585)*
Gain on disposal of investments	8	-	*180*
Gain on disposal of businesses	12	902,878	*130,233*
Profit before tax		917,278	*151,636*
Tax on profit	13	(4,654)	*(27,683)*
Profit for the financial year		912,624	*123,953*

The notes on pages 23 to 51 form part of these financial statements.

The results reported above relate to discontinued operations. Please see note 12 for further information.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	*2019 £000*
Profit for the financial year		912,624	*123,953*
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post employment benefit obligations		(5,927)	*(5,654)*
Current and deferred tax		1,008	*963*
		(4,919)	*(4,691)*
Items that may be reclassified subsequently to profit or loss:			
Fair value result/gains on cash flow hedges		-	*18,012*
Current and deferred tax		-	*(3,062)*
		-	*14,950*
Total comprehensive income for the year		907,705	*134,212*

The notes on pages 23 to 51 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £000		*2019 £000*
Fixed assets					
Goodwill	15		-		*13,072*
Tangible assets	16		-		*815*
			-		*13,887*
Current assets					
Debtors	17	44,868		*385,073*	
Cash at bank and in hand	19	394,189		*417,370*	
		439,057		*802,443*	
Creditors: amounts falling due within one year	20	(383,942)		*(537,837)*	
Net current assets			55,115		*264,606*
Total assets less current liabilities			55,115		*278,493*
Creditors: amounts falling due after more than one year	21		-		*(1,663)*
			55,115		*276,830*
Provisions for liabilities	22	(1,849)		*(5,395)*	
			(1,849)		*(5,395)*
Retirement benefit obligations	25		-		*(25,580)*
Net assets			53,266		*245,855*
Capital and reserves					
Called up share capital	23		1		*15,224*
Share premium account			-		*12,907*
Profit and loss account			53,265		*217,724*
			53,266		*245,855*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2021.

Mark Chessher
....
M C Chessher
Director

The notes on pages 23 to 51 form part of these financial statements.

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 (net of tax)	-	-	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 23 to 51 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Hedging reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	15,224	12,907	(14,950)	95,710	108,891
Comprehensive income for the year					
Profit for the year	-	-	-	123,953	123,953
Other comprehensive income	-	-	14,950	(4,691)	10,259
Total comprehensive income for the year	-	-	14,950	119,262	134,212
Amounts in respect of share based payments:					
Capital contribution from the parent (net of tax)	-	-	-	2,752	2,752
At 31 December 2019	15,224	12,907	-	217,724	245,855

The notes on pages 23 to 51 form part of these financial statements.

1. General information

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

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.

The following principal accounting policies have been applied:

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.

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 2020 which have a material impact on the Company’s financial statements.

2.4 Going concern

The directors’ intention is that the Company remains a going concern for the next twelve months. The directors do not consider that the ongoing Covid-19 pandemic has an effect on their assessment of the Company as a going concern, as the Company is a non-trading entity.

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'.

2. Accounting policies (continued)

2.6 Revenue recognition

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

Where past performance has been volatile and has little predictive value, the constraint applied can be significant. Where appropriate revenue is deferred to account for the possibility of a cancellation or a refund liability. Performance obligations are assessed on the basis of the specific arrangements in the contract, or where such is not defined, on the basis of each separate and distinct obligation for which a market value can be ascribed.

The Company satisfies some performance obligations at a point in time, and others over time where the customer is receiving a simultaneous benefit, or the Company has a contractual right to payment for the work both performed and transferred to the client.

For contracts where the revenue is expected to be collected more than 1 year from its recognition and is not an estimate of a variable amount, consideration is given to the time value of money. Where relevant the deemed interest is recognised as a component of finance income. Where the value of revenue is beyond the control of the Company and it cannot be estimated reliably, it will not be recognised until the amount is known with reasonable certainty. In these cases any associated costs are expensed as incurred.

Incremental costs to obtain a contract and contract fulfilment costs are capitalised and amortised to profit or loss on a systematic basis to match the recognition of revenue as the service is delivered to the client. Such costs are capitalised only where the Company expects to recover these costs, and, in the case of incremental costs to obtain a contract, where the amortisation period of the asset is more than 1 year. Additionally, in respect of contract fulfilment costs, these costs must relate directly to the contract, generate assets used to satisfy the contractual performance obligations, and do not qualify to be recognised as an asset under other accounting standards.

Assets recognised on the Company's balance sheet arising from the capitalisation of incremental costs to obtain a contract and contract fulfilment costs are presented as part of contract assets.

Insurance broking related services
Revenue may comprise a combination of fees, commissions and other forms of variable consideration. Where the contract specifically identifies the performance obligations then revenue is recognised accordingly.

Where there is no separate arrangement, revenue is 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 is complete and confirmed. Where there are separate arrangements or where other performance obligations are separate and distinct from placement, revenue is deferred to cover the provision of services that are more than administrative in nature and that are separate and distinct. In the main these post-placement performance obligations relate to the provision of claims related services.

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

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

2. Accounting policies (continued)

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

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

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

Other services

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

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

Fees and other income receivable are recognised in the period to which they relate and when they can be measured with reasonable certainty.

2.7 Interest income

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

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. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operated a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions were recognised as an expense in profit or loss when they fell due. Amounts not paid were shown in accruals as a liability in the Balance sheet. The assets of the plan were held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operated a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation was calculated using the projected unit credit method. Annually the company engaged independent actuaries to calculate the obligation. The present value was determined by discounting the estimated future payments using market yields on high quality corporate bonds that were denominated in sterling and that had terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets was measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This included the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions were charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, were disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprised:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost was calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost was recognised in profit or loss as a 'finance expense'.

2. Accounting policies (continued)

2.10 Current and deferred taxation

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

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

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

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

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

2.11 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

2. Accounting policies (continued)

2.12 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated impairment losses.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- between 10% and 20% per annum or over the life of the lease
Motor vehicles	- between 25% and 33 1/3% per annum.
Fixtures and fittings	- between 10% and 20% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 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.

2.15 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.

2.16 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. Accounting policies (continued)

2.17 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.

2.18 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 following is the critical judgment, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets
The Company tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset 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 judgment. In making this judgment, 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.

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.

Impairment of trade receivables
The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. See note 17 for the net carrying amount of the receivables and associated impairment provision.

Pension obligations
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions.

The assumption used in determining the net cost or income for pension obligations is a discount rate based upon high quality corporate bonds.

To set the price inflation assumptions the Company considers market expectations of inflation at the appropriate durations. Adjustments are made to these rates where necessary to reflect an inflation risk premium.

Critical accounting estimates and judgments (continued)

In determining the life expectancy assumptions the Company considers the mortality assumptions used by the Trustees of the pension schemes in their latest actuarial valuations and also mortality guidance laid out by legislation. This enables the Company to determine a best estimate of life expectancy that is appropriate for accounting purposes.

Any changes in the assumptions may impact the carrying amount of pension obligations, the charge in the profit and loss account, or statement of comprehensive income.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. As well as the discount rate, the inflation rates and life expectancy are also key assumptions.

Errors and omissions liability
During the ordinary course of business the Company can be subject to claims for errors and omissions made in connection with its business activities.

A balance sheet provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated.

The Company analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability.

The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and are in excess of the presently established provisions. It is possible therefore that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

4. Turnover

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

	2020	*2019*
	£000	*£000*
Europe	45,498	*164,677*
North America	7,827	*51,223*
Rest of the world	11,304	*48,187*
	64,629	*264,087*

5. Operating profit

The operating profit is stated after charging:

	2020 £000	*2019 £000*
Staff costs	32,233	*123,638*
Impairment of trade receivables	91	*(1,362)*
Exceptional items	795	*48,717*
Depreciation of tangible fixed assets	69	*181*
Depreciation on right to use assets	-	*236*
Amortisation of capitalised employment contracts	378	*5,120*
Net foreign exchange (gains)/ losses on fees and commissions	(472)	*2,422*
Net foreign exchange gains on other operating costs	(47)	*2,336*
Profit on disposal of property, plant and equipment	-	*(36)*
Total	33,097	*181,252*

Break down of Exceptional costs is as below:

Marsh & McLennan Companies acquisition transaction related costs	795	*44,056*
Global Transformation project, restructuring costs	-	*3,056*
Other exceptional items	-	*1,605*
	795	*48,717*

Costs noted above as exceptional in 2020 are attributable to the acquisition of the JLT Group by MMC, which took place on 1 April 2019, as mentioned in the Principal Activities in the Strategic Report on page 1. The MMC acquisition exceptional costs noted above in 2019 include £19.2m relating to the close out of cash flow hedges, retention and rewards of £7.3m, acceleration of share-based payment schemes £2.3m and legal and professional fees of £1.5m.

6. Interest receivable and similar income

	2020 £000	*2019 £000*
Interest receivable - Group	232	*947*
Interest receivable - Third party	1,895	*7,575*
	2,127	*8,522*

7. Interest payable and similar expenses

	2020 **£000**	*2019* *£000*
Interest expense on lease liabilities	-	*11*
Pension scheme finance costs	80	*574*
	80	*585*

8. Gain from disposal of investments

	2020 **£000**	*2019* *£000*
Gain from disposal of investments	-	*(180)*
	-	*(180)*

In 2019 the Company sold its investment in International SOS Insurance Services Limited for £180k. The investment was fully impaired so the entire disposal proceeds were taken to gain on disposal of investment in the profit and loss account.

9. Employees

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

	2020 £000	*2019 £000*
Wages and salaries	28,098	*91,609*
Social security costs	2,132	*14,152*
Other pension costs, defined benefit scheme	-	*58*
Other pension costs, defined contribution scheme	2,003	*7,976*
	32,233	*113,795*

As part of the integration of the JLT entities into the MMC Group, all the Company´s employees were transferred to Marsh Services Limited on 25 February 2020 under the Transfer of Undertakings (Protection of Employment Regulations) (‘TUPE’). 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:

	2020 No.	*2019 No.*
Broking and technical	892	*1,125*
Administration	40	*45*
	932	*1,170*

10. Auditor's remuneration

	2020 £000	*2019 £000*
Audit of the Company	29	*212*
Audit related services	60	*66*
	89	*278*

11. Directors' remuneration

	2020 **£000**	*2019* *£000*
Aggregate emoluments excluding pension scheme contributions	50	*2,409*
Awards receivable in the form of shares under a long term incentive scheme	-	*4,906*
Company contributions for money purchase pension schemes	-	*31*
	50	*7,346*

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

	2020 **No**	*2019* *No*
Received or were entitled to receive shares under long term incentive schemes	-	*4*
Exercised share options during the year	-	*-*
Accruing benefits under money purchase pension scheme	-	*4*
	-	*8*

In respect of the highest paid director:

	2020 **£000**	*2019* *£000*
Aggregate emoluments excluding pension scheme contributions	50	*1,256*
Awards receivable in the form of shares under a long term incentive scheme	-	*1,996*
Company contributions to money purchase pension schemes	-	*6*

12. 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.

Disposal of Aerospace business in 2019

On 4 March 2019, JLT announced that MMC had committed to divest JLT's global aerospace insurance broking business to address a potential overlap in this area which had been identified by the European Commission as part of its Phase 1 competition review of the proposed acquisition of JLT by MMC. The aerospace business is a global retail broker of commercial non-life risks associated with commercial aircraft, aerospace manufacturing, aerospace infrastructure, space and general aviation. Subject to the European Commission's approval, an agreement was reached with Arthur J Gallagher & Co. to sell the aerospace business, including the transfer of personnel, for approximately £190 million at total Group level, a proportion of which is deferred subject to the attainment of performance conditions. The sale was approved by the European Commission effective 1 June 2019. JLT Specialty's share of the cash consideration from the disposal was £113.4m and £45.2m deferred consideration. The initially recognised deferred consideration was impaired by £10.4m and is adjusted for in the 2019 annual accounts.

Net assets disposed of and the proceeds received are as follows:

		2019 £000
Cash proceeds		113,441
Deferred consideration		34,826
Less: Expenses on disposal		(10,628)
Less: Expenses incurred / to be incurred during TSA period		(14,695)
		122,944
Net assets disposed of:		
Intangible assets	(7,725)	
Debtors	(6,673)	
Creditors	1,612	
		(12,786)
Profit on disposal before tax		110,158

Disposal of wholesale business in 2019

On 14 August 2019, MMC, JLT Specialty Limited and McGill & Partners (Risk Solutions) Limited ("buyer") signed a business purchase agreement, pursuant to which the buyer agreed to purchase the UK wholesale broking business of the legacy JLT Specialty Limited in the UK for up to $25.2 million, of which of $3.8 million was payable initially at closing and the remaining is contingent on the retention of client accounts by the buyer and revenue generated from such accounts during the three years after closing.

Net assets disposed of and the proceeds received were as follows:

		2019 **£000**
Cash proceeds		2,935
Deferred consideration		16,410
Less: Expenses on disposal		(450)
		18,895
Net assets disposed of:		
Debtors	(561)	
Creditors	1,741	
		1,180
Profit on disposal before tax		20,075

13. Taxation

	2020 **£000**	*2019* *£000*
Current tax expense		
Current year	3,353	*25,154*
Adjustments in respect of previous years	1,650	*(2,595)*
Total current tax	5,003	*22,559*
Deferred tax		
Origination and reversal of timing differences	(300)	*3,924*
Reduction in tax rate	-	*342*
Adjustments in respect of prior years	(49)	*858*
Total deferred tax	(349)	*5,124*
Total income tax expense	4,654	*27,683*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2019 - lower than)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)*. The differences are explained below:

	2020 **£000**	*2019* *£000*
Profit before tax	917,278	*151,636*
Tax calculated at UK Corporation Tax rate of 19.00% (2019: 19.00%)	174,283	*28,811*
Effects of:		
Non-deductible expenses	49	*445*
Adjustments in respect of prior years	1,601	*(1,737)*
Non-taxable income	(171,828)	*-*
Withholding tax	-	*284*
Other timing differences leading to an increase/ (decrease) in taxation	549	*(120)*
Total tax charge for the year	4,654	*27,683*

Following the Budget announcement on 3 March 2021 the UK Corporation Tax rate will be increased to 25% from 1 April 2023.

14. Dividends

	2020 **£000**	*2019* *£000*
Dividend paid	1,127,808	-
	1,127,808	-

Total dividend of £74.08 per share (£1,127.8m) was paid during the year to the Company's immediate parent, JLT Insurance Group Holdings Limited.

15. Goodwill

	2020 **£000**
Cost	
At 1 January 2020	13,072
Written off during the year	(13,072)
At 31 December 2020	-
At 31 December 2019	*13,072*

Effective 1 May 2020, the Company sold its trade, assets and liabilities, excluding the trade of its Dubai branch, its client assets and its defined benefit pension scheme assets and liabilities to Marsh Limited, a member company of the MMC Group. The goodwill balances held by the Company related to the trade sold and have been written off in 2020.

16. Tangible fixed assets

	Right of use assets £000	Leasehold improvements £000	Motor vehicles £000	Furniture, fittings and equipment £000	Total £000
At 1 January 2020	603	1,125	165	38	1,931
Transfers intra group	-	(296)	-	-	(296)
Disposals	(603)	(829)	(165)	(38)	(1,635)
At 31 December 2020	-	-	-	-	-
At 1 January 2020	236	802	70	8	1,116
Charge for the year	-	51	15	3	69
Transfers intra group	-	(55)	-	-	(55)
Disposals	(236)	(798)	(85)	(11)	(1,130)
At 31 December 2020	-	-	-	-	-
Net book value					
At 31 December 2020	-	-	-	-	-
At 31 December 2019	*367*	*323*	*95*	*30*	*815*

17. Debtors

	2020 £000	*2019 £000*
Trade debtors	-	*88,671*
Amounts owed by group undertakings	44,868	*209,927*
Other debtors	-	*77,732*
Prepayments and accrued income	-	*672*
Deferred taxation	-	*4,797*
Asset recognised for costs incurred to fulfil a contract	-	*3,274*
	44,868	*385,073*

Trade receivables at 31 December 2019 are stated after provisions for impairment, relating to amounts not expected to be received, of £1,797k. Other receivables include £1.5m related to the unamortised portion of capitalised employment contracts.

18. Deferred taxation

	2020 £000	*2019 £000*
At beginning of year	4,797	*15,545*
Arising on business combinations	(6,012)	*-*
Charged to other comprehensive income	866	*(5,625)*
Charged to profit or loss	349	*(5,123)*
At end of year	-	*4,797*

The deferred tax asset is made up as follows:

	2020 £000	*2019 £000*
Accelerated capital allowances	-	*(72)*
Pension surplus	-	*4,357*
Short term timing difference	-	*512*
	-	*4,797*

Following enactment of the Finance Bill 2020 on 22 July 2020, the UK Corporation Tax rate (from 1 April 2020) has been maintained at 19% and has not reduced to 17% as previously legislated.

Deferred tax timing differences have been provided for at the enacted tax rate at the balance sheet date. The Budget announcement on 3 March 2021 included an increase in the UK Corporation Tax rate to 25% from 1 April 2023.

There are no unrecognised deferred tax balances.

19. Cash and cash equivalents

	2020 £000	*2019 £000*
Bank and cash balances	394,189	*417,370*
	394,189	*417,370*

Cash balances above include client money held in the form of premiums due to underwriters and claims made by insurers due to policy holders of £379.5m (2019: £401.4m). Whilst held in the Company's non-statutory trust accounts under appropriate client money regulation, fiduciary funds held are controlled by the Company and economic benefits are derived from them. As such these funds are recognised as an asset on the Company's balance sheet. Fiduciary funds are not available for general corporate purposes.

Within own funds, also known as corporate funds, £14.0m (2019: £13.6m) are held in a ring fenced account as deemed restricted in accordance with the requirements made by the Financial Conduct Authority.

The Fiduciary funds were transferred to Marsh Limited effective 1 Jan 2021.

20. Creditors: Amounts falling due within one year

	2020 £000	*2019 £000*
Trade creditors	379,518	*401,429*
Amounts owed to group undertakings	801	*47,940*
Corporation tax	-	*20,948*
Accruals and deferred income	3,183	*42,564*
Other taxation and social security	440	*7,156*
Contract liabilities	-	*8,599*
Other creditors	-	*8,972*
Lease liabilities	-	*229*
	383,942	*537,837*

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

21. Creditors: Amounts falling due after more than one year

	2020 £000	*2019 £000*
Lease liabilities	-	*118*
Contract liabilities	-	*1,545*
	-	*1,663*

The contract assets balance at 31 December 2019 related to a claims handling provision on services to be provided in future periods. The balance was transferred to Marsh Limited as part of the sale of assets and liabilities in 2020.

22. Provisions

	Litigation provision £000	Other provisions £000	Total £000
At 1 January 2020	4,863	532	5,395
Utilised for the year	(2,443)	(50)	(2,493)
Charged to profit or loss	565	72	637
Transfer intergroup	-	(163)	(163)
Transferred on business disposals	(1,136)	(391)	(1,527)
At 31 December 2020	1,849	-	1,849

The Company can be involved in a variety of litigation issues at any time. A balance sheet provision is established in respect of such issues when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated. The Company analyses its litigation exposures based on available information, including legal consultation where appropriate, to assess its potential liability. Where appropriate the Company also provides for the cost of defending.

Where a litigation provision has been made it is recorded gross of any related third party recovery, any such recovery being included within Debtors. At 31 December 2020, in connection with certain litigation matters, the Company's litigation provisions include an amount of £Nil (2019: £453,577) to reflect this gross basis, and the corresponding insurance recovery was recorded within Debtors at 31 December 2019. This presentation has had no effect on the profit and loss account for the year ended 31 December 2020.

Other provisions includes end of service costs provision of £Nil (2019: £356,874) in respect of certain staff based overseas. As part of the Dubai branch disposal, the same was transferred to Marsh Management Services (MENA) Limited. Dilapidation provision for property leases included in other provisions of £163,000 (2019: £161,000) was transferred to JLT Management Services Limited in 2020.

23. Share capital

	2020 £000	*2019 £000*
Allotted, called up and fully paid		
1,000 *(2019 - 15,223,692)* Ordinary shares of £1.00 each	1	*15,224*

On 27 April 2020, the Company cancelled and extinguished 15,222,691 Ordinary shares of £1 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 £12,097,054 to nil, the reduction also being credited to retained earnings.

24. Share based payments

As part of the integration of the JLT entities into the MMC Group, all the Company´s employees were transferred to Marsh Services Limited on 25 February 2020 under the Transfer of Undertakings (Protection of Employment Regulations) (‘TUPE’). As a result, the Company does not have any employees that are involved in any share-based payment schemes in the year ended 31 December 2020.

MMC share-based payment schemes
During 2019, certain employees of the Company, along with other employees of MMC, were awarded stock units, which were payable, when the units vested, in shares in the ultimate parent company, Marsh & McLennan Companies, Inc.

The MMC Compensation Committee determined the restrictions on such units, when the restrictions lapse, when the units vest and were paid, and under what terms the units were forfeited. The cost of these awards was recognised over the vesting period, which is generally three years.

The Company recognised a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity. The fair value was deemed to be the market price of MMC shares on the grant date.

During 2019, 174,935 stock units were awarded at a weighted average fair value of £73.07 per unit. As at 31 December 2019, 174,935 stock units were unvested. The expense recognised in the year was £2,355,738.

JLT share-based payment schemes
The JLT Group's equity-settled share-based payment schemes comprised the JLT Long Term Incentive Plan (2004/2013), Senior Executive Share Scheme and the Sharesave Scheme.

Due to the acquisition of the JLT Group by MMC on 1 April 2019 the schemes became fully vested. The schemes, which the Company participated in, were as follows:

JLT Long Term Incentive Plan (2013)
The JLT Group operated the Long Term Incentive Plan (LTIP) for Executive Directors and persons discharging managerial responsibility (PDMRs). The scheme was renewed in 2013. Awards under the scheme were granted in the form of nil-priced options and were satisfied using market-purchased shares. The awards vest in full or in part depending on satisfaction of the performance conditions. The awards had a 3 year performance period and have a 10 year life from the date of grant. Options attracted discretionary dividend equivalents (DDEs) that were rolled up and paid, in cash, on vesting. DDEs were paid to option holders only on the options that have vested. Forfeited or lapsed options are not eligible for DDEs and the DDE that had accrued on the balance sheet was released to equity at the date of forfeiture.

Share based payments (Continued)

For post-2013 LTIP awards, the performance conditions were based on the JLT Group's basic EPS growth (excluding exceptional items and impairment charges) over three years. For the LTIP awarded from 2014 to 2016, the JLT Group's Remuneration Committee decided that the EPS should be adjusted for the impact from the net cost of the US investment on a discretionary basis. For the 2017 and 2018 awards, the JLT Group's Remuneration Committee reviewed the approach of excluding the impact of US investment costs when calculating the EPS performance and concluded it was now appropriate to cease making further adjustments.

Senior Executive Share Scheme
The JLT Group, (which the Company was a member of until 1 April 2019) operated a Senior Executive Share Scheme for senior management and employees. Awards under the scheme were granted in the form of nil-priced options and were satisfied using market-purchased shares. The majority of awards had no specific performance criteria attached, other than the requirement that employees remain in employment with the JLT Group. A minority of awards were granted with specific performance targets defined for the individual executives. In general these required targets for revenue and profit growth to be met over the vesting period. The awards had a 10 year life from the date of grant. Options granted prior to 1 January 2014 attract unconditional DDEs throughout the vesting period, this means that DDEs were paid to the option holders as and when dividends were paid to ordinary shareholders, there was no clawback on the dividends in the event of a forfeiture of the options. The options granted post 1 January 2014 attracted DDEs that were rolled up and paid in cash, on vesting. The JLT Group amended the plan rules on the 8 June 2016. From that date, all vested options were no longer eligible for DDEs.

All options granted under the share option schemes were conditional upon the employees remaining in the Group’s employment during the vesting period of the option; the actual period varied according to the scheme in which the employee participated. In calculating the cost of options granted, anticipated lapse rates for the JLT Long Term Incentive Plan (2004/2013) and the Senior Executive Share Scheme are nil as both are issued with no cost to the employee.

All the outstanding share awards did vest on the completion of the Marsh & McLennan companies' acquisition of the JLT Group and this revision to the expected vesting date was reflected in the amortisation charge in the profit and loss account for 2018.

The following table illustrates the number and weighted average exercise prices of share options exercised during the year:

	Weighted average exercise price (pence) 2020	**Number 2020**	*Weighted average exercise price (pence) 2019*	*Number 2019*
JLT Long Term Incentive Plan (2013)	-	-	*1,915*	*203,800*
Senior Executive Share Scheme	-	-	*1,915*	*2,180,225*
Total	-	-	*1,915*	*2,384,025*

25. Pension commitments

Defined contribution pension scheme

The Company operated a defined contribution pension scheme. As part of the integration of the JLT entities into the MMC Group, the employees of the Company were transferred to Marsh Services Limited, a fellow group company, on 25 February 2020. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £2m (2019: £7.9m).

Defined benefit pension scheme- The Jardine Lloyd Thompson UK Pension Scheme

The Company was a participating employer in the JLT Pension Scheme (the "Scheme") until 25 February 2020, when it settled its defined benefit obligations in the Scheme via a flexible apportionment arrangement to Marsh Services Limited. The latest finalised statutory funding valuation of the Scheme was as at 31 March 2017. This valuation was updated to 25 February 2020 by a qualified actuary employed by Mercer Limited, a fellow group company.

Reconciliation of present value of plan liabilities:

	2020 **£000**	*2019* *£000*
Reconciliation of present value of plan liabilities		
At the beginning of the year	(90,371)	*(77,737)*
Interest cost	(284)	*(2,140)*
Actuarial gains/losses	(6,460)	*(13,105)*
Benefits paid	723	*2,611*
Liabilities extinguished on settlement	96,392	*-*
At the end of the year	-	*(90,371)*

Reconciliation of present value of plan assets:

	2020 **£000**	*2019* *£000*
At the beginning of the year	64,791	*56,176*
Current service cost	-	*(58)*
Interest income	204	*1,567*
Actuarial gains/losses	533	*7,450*
Contributions	457	*2,267*
Benefits paid	(723)	*(2,611)*
Assets distributed on settlement	(65,262)	*-*
At the end of the year	-	*64,791*

Composition of plan assets:

25. Pension commitments (continued)

	25 February 2020 (before settlement) £000	*2019 £000*
Equities	13,727	*13,893*
Diversified Growth Funds	11,836	*11,133*
Buy-in assets	27,582	*26,450*
Equity-linked LDI	11,720	*12,186*
Cash	397	*1,129*
Total plan assets	65,262	*64,791*

	2020 £000	*2019 £000*
Fair value of plan assets	-	*64,791*
Present value of plan liabilities	-	*(90,371)*
Net pension scheme liability	-	*(25,580)*

The amounts recognised in profit or loss are as follows:

	2020 £000	*2019 £000*
Current service cost	-	*58*
Interest on obligation	284	*2,140*
Interest income on plan assets	(204)	*(1,566)*
Transfer to Profit & loss disposal gains from sale of business	(31,130)	*-*
Total	(31,050)	*632*

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £5,927k *(2019 - £4,691k).*

The Company expects to contribute £NIL to its Defined benefit pension scheme in 2021.

25. Pension commitments (continued)

	2020 £000	*2019 £000*
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	-	*7,450*
Experience gains and losses arising on the scheme liabilities	-	*874*
	-	*8,324*

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2020 %	*2019 %*
Discount rate	1.67%	*2.06%*
Future salary increases	2.72%	*2.72%*
Future pension increases	2.64%	*2.66%*
Inflation assumption	2.72%	*2.72%*
Mortality rates		
- for a male aged 65 now	23.50	*23.50*
- at 65 for a male aged 45 now	24.60	*24.60*
- for a female aged 65 now	25.10	*25.10*
- at 65 for a female member aged 45 now	26.30	*26.30*

26. Contingent liabilities

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. We are cooperating with all ongoing investigations related to this matter.

At this time, we are unable to predict the likely timing, outcome or ultimate impact of the foregoing investigations or any related matters. Adverse determinations in one or more of these matters could have a material impact on the Company's results of operations, financial condition or cash flows in a future period.

27. Post balance sheet events

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

28. Controlling party

The Company's immediate parent undertaking is JLT Insurance Group Holdings Limited, a company registered in England.

On 1 April 2019 the Company's ultimate parent company, Jardine Lloyd Thompson Group Limited (formerly Jardine Lloyd Thompson Group plc), was acquired by Marsh & McLennan Companies, Inc which became the Company's ultimate parent undertaking at that date.

For the period ended 31 December 2020 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.