Registered number: 00439526

MARSH CORPORATE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

MARSH CORPORATE SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	D J Bruce R M Cocks (appointed 23 March 2020) A J Croft A J Henderson (appointed 23 March 2020) T O'Dwyer (appointed 23 March 2020) S R Woodhouse (appointed 23 March 2020)
COMPANY SECRETARY	E A Nicholls (appointed 23 March 2020)
REGISTERED NUMBER	00439526
REGISTERED OFFICE	1 Tower Place West Tower Place London EC3R 5BU

MARSH CORPORATE SERVICES LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The directors present their Strategic Report for Marsh Corporate Services Limited (“the Company”) for the year ended 31 December 2020. The Company’s registration number is 00439526.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Marsh Corporate Services Limited is a service company which is part of the NYSE listed Marsh & McLennan Companies, Inc. and provides services mainly to UK group companies. Its turnover is made up of service charges and rents received from MMC Group companies and recognises a mark-up on internally generated costs. The Company acts as the procuring entity for a number of the Group’s UK companies.

The Company pays the majority of non-payroll expenses on behalf of Marsh Limited and other group companies. In addition, the Company is the owner/named lessee for property, plant and equipment utilised by the group in the UK and it also acts as managing agent for properties owned by other group companies.

The Company’s activities are mainly reliant on its major customers, Marsh Limited and Mercer Limited. The directors are satisfied that the services of the Company will continue to be required in the future.

The Company operates in the UK. Part of its transaction processing and accounting support functions are provided by a third party supplier in India.

Following Marsh & McLennan Companies Inc. acquisition of Jardine Lloyd Thompson Group Limited ("JLT") on 1 April 2019, the Company participated in a legal entity restructure to simplify and integrate the legacy JLT structure. On 1 May 2020, the Company issued 1,000 ordinary £1 shares to its parent company MMC UK Group Limited (at a premium) for total consideration of £100,000, in exchange for 100% of the share capital of JLT Management Services Limited ("JLTMS").

JLTMS is a service company, similar to the Company, which held fixed assets, and had certain supplier contracts and leases to provide centralised management services to other group companies. All its activities were derived from other group companies and it recovered its costs through management recharges.

JLTMS sold its trade and assets, with the exception of the pension scheme liabilities, to the Company on 1 May 2020. The employees of JLTMS transferred under a Transfer of Undertakings (Protection of Employment) ("TUPE") arrangement to Marsh Services Limited on 1 January 2020, along with the pension scheme liabilities.

FINANCIAL KEY PERFORMANCE INDICATORS

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

	2020	*2019*	Movement	Movement
	£M	*£M*	£M	%
Turnover	**372**	*255*	117	46
Administration expenses	**(367)**	*(251)*	(116)	(46)
Other operating income	**1**	*-*	1	100
Profit after tax	**5**	*3*	2	67
Shareholders' funds	**71**	*66*	5	8

Turnover for the year increased by £117 million. The increase is a direct result of the Company acquiring the trade of JLTMS in May 2020 and recharging related expenses to its major customers, Marsh Limited and Mercer Limited.

FINANCIAL KEY PERFORMANCE INDICATORS (CONTINUED)

Administrative expenses increased by £116 million on the prior year (46%) to £367 million. This is mostly driven by increases in central service costs that have arisen following the transfer of business and assets from JLTMS in the year.

Shareholders' funds have increased by £5 million. The Company made a profit after tax of £5 million.

Section 172 (1) of the Companies Act 2006 (the “Act”) Statement

The paragraphs below provide an explanation for 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 colleagues, suppliers, customers and those in a principal business relationship with the Company.

The Company forms part of the Marsh & McLennan Inc. Group of Companies (the Group) and further information in respect of the Group’s compliance can be found in its sister company, Marsh Limited’s, Corporate Governance disclosure which is contained in its Report and Accounts for the year ended 31 December 2020.

As part of the Marsh McLennan Group of companies, the Board is conscious of the Group’s purpose, namely, 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, including clients, colleagues, suppliers and the wider community.

Shareholder

As a wholly owned subsidiary, the Board duly considers 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.

Within its remit, the Board has continued to oversee the successful integration of the JLT business, with a view to realising efficiencies and achieving the Group’s ultimate objectives underpinning the JLT acquisition, namely growth in talent, capabilities, revenue and earnings.

Distributions to the Company´s shareholder are only considered after a full assessment of capital adequacy and the Company's ability to continue as a going concern into the foreseeable future and ensuring investment in the future growth of the Company, balanced with stable and sustainable returns to the shareholder. Further information on dividends is set out on page 35 (note 2.24) in the Notes to the Financial Statements.

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

Clients

The Company is a service company. This includes paying the majority of non-payroll expenses on behalf of other group companies in the UK and being the named owner/lessee for property.

Colleagues

The Board recognises that colleagues are at the heart of the Company’s and the Group’s business and, throughout 2020, the health, wellbeing and safety of colleagues has been a key priority for the Board.

Section 172 (1) of the Companies Act 2006 (the “Act”) Statement (continued)

Colleagues (continued)

In March 2020, in line with Government advice, the vast majority of colleagues were instructed and equipped to work from home. Where this was not possible for a very small number of colleagues, appropriate health and safety measures, including strict social distancing arrangements were put in place in physical offices.

The Directors recognise that the COVID-19 pandemic has had a significant impact, not only on colleagues’ work environments but also on a personal level. Engagement has been increased with colleagues through virtual townhalls and in ensuring the provision of mental health support.

The Board and the Boards of its sister companies including Marsh Limited, Guy Carpenter and Company Limited (GC) and Marsh Services Limited (MSL) and the Executive teams are committed to ensuring high levels of colleague engagement. Regular employee engagement surveys are conducted and results scrutinised by the Board to identify and implement actions for improvement. The Board monitors attrition rates, engagement survey results, and absenteeism levels in an effort to identify emerging people risks and trends and to ensure appropriate action is taken to address these. Emerging people risks and trends are highlighted to the Board together with proposed action plans.

The Company is committed to reinforcing a wholly inclusive culture across a truly diverse workforce. One aspect of this is demonstrated through our 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 develop its commitment to gender diversity and align the different entities to one common goal.

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 Gender Pay Gap Report is produced on an annual basis. For further details in this regard, please refer to the Marsh group of companies’ latest Gender Pay Gap Report which can be found at https://www.marsh.com/uk/about marsh/gender pay gap.html.

The Group is committed to reinforcing a wholly inclusive culture across a truly diverse workforce. We have established a number of Colleague Resource Groups to help the Company better understand and support a wide range of inclusive constituents of our workforce. These groups include: Accessibilities, Balance, Mental Health, Military, Multicultural, Pride and Young Professionals group.

The Company’s sister company, Marsh Services Limited (MSL) assists in reviewing and monitoring employee benefits, supports the year end review and total compensation processes and inputs to the Group’s approach to diversity and inclusion matters and commitment to building a diverse and inclusive workforce.

Section 172 (1) of the Companies Act 2006 (the “Act”) Statement (continued)

Colleagues (continued)

The Group and the Company are committed to ensuring a safe and healthy workplace and working environment for colleagues, contractors and visitors by providing adequate welfare facilities and maintaining suitable plant and safe systems of work. A further statement on Health, Safety and Environment is set out on page 7 of the Strategic Report.

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 Marsh, to focus on our Social Impact (formerly Corporate Social Responsibility) 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 and 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 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 these initiatives can be in found in the Streamline Energy and Carbon Report on page 12.

Suppliers

The Company’s business 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.

Section 172 (1) of the Companies Act 2006 (the “Act”) Statement (continued)

Suppliers (continued)

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 a similar approach to 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 delivering 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

The Company monitors its relationship with its suppliers on a regular basis. Representatives of key suppliers are invited to attend a Board meeting to update the Directors on activities and discuss any areas of concern. In addition, summaries of the Board meeting minutes are shared with, amongst others, the Marsh Limited, and Guy Carpenter Boards to aid communication.

The Company 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 and incorporated in the colleague induction programme.

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 Board is updated on response rates and the outcome of questionnaires on an annual basis. The Company’s Modern Slavery Statement is published annually and can be found at https://www.marsh.com/uk/modern-slavery-statement.html

The Company reports on its supplier payment practices on a bi-annual basis, and results are monitored by the Marsh Audit Committee at its quarterly meetings. The Company´s latest results can be found at https://check-payment-practices.service.gov.uk/report/33582.

PRINCIPAL RISKS AND UNCERTAINTIES

The committee reviews and challenges risk management activity and reports to the board of directors.

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

Asset risk

The Company is the custodian of the majority of property, plant and equipment used by other Marsh & McLennan Companies, Inc. Group companies in the UK. Any loss of or damage to those assets would threaten the ability of the Company to provide its services. The Company mitigates this risk through use of insurance and business continuity planning. The Company is also subject to impairment risk in relation to those fixed assets. The Company continually reviews its depreciation rates to ensure assets are depreciated over the correct periods. In addition, the Company also reviews its tangible assets to ensure that they are not impaired. The Company holds intangible assets relating to projects currently under development, which are subject to annual impairment tests.

Availability of IT systems risk

The Company has a number of Information Technology (IT) systems in order to carry out its day to day business and service its clients' requirements. There is a risk that any of these systems, as part of the overall IT infrastructure, could fail, individually or collectively, with an adverse effect on the Company's operations. The Company is part of the Marsh McLennan Companies, Inc.'s global IT structure and there are business continuity plans in place.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The Company has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis by management who perform monthly balance reviews. The majority of the Company's receivables are from Group companies. Management does not expect any counterparty to fail to meet its obligations. When considering whether balances are impaired the Company considers any known financial difficulty of the customers and previous settlement history. The Company provides for bad debts if it considers there is a risk of impairment.

Currency risk

The Company is exposed to currency risk in respect of its assets and liabilities denominated in currencies other than pounds sterling. The most significant currencies to which the Company is exposed are Euros and US Dollars. The Company seeks to mitigate the risk as far as possible by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

Cyber risk

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

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Health, Safety and Environment risk

The Company is responsible for the health, safety and welfare of colleagues and contractors whilst working on behalf of the Company and for ensuring that its operations do not unnecessarily harm the environment.

The Company is compliant with all laws and, wherever practicable, we implement improvements to health and safety. Directors and individual managers accept responsibility for people and areas under their control and integrate health and safety into everyday activities. They are committed to ensuring the competence of all colleagues through selection, instruction, training and supervision.

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

Interest rate risk

The Company has bank overdrafts. The interest rate risk of the Company is managed by treasury staff, in line with guidelines issued by its ultimate parent company.

In managing interest rate and currency risks, the Company aims to reduce the impact of short-term fluctuations on the Company’s earnings. Over the longer term, however, permanent changes in interest rates would have an impact on earnings.

Liquidity/cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Company maintains significant holdings in liquid funds to mitigate against this risk. The Company includes the use of forecasts and budgets to monitor and control its cash flows and working capital requirements.

Operational resilience risk

The Company has established processes, controls and oversight mechanisms in place to mitigate the risk that operational disruptions could result in customer detriment, regulatory intervention and/or adverse commercial impacts. No systemic issues were experienced through the period resulting in customer detriment, and/or the ability to maintain the servicing of the Company’s important business services.

Outsourcing (including Intra Group Arrangements) risk

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

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Pandemic risk

COVID-19 is an example of a pandemic continuing to spread through contagion, which could be around for a number of years and adaptions will have to be made to live with it. There has been a significant improvement in outlook due to vaccination programmes, although the timing of returning to a sense of normality is uncertain. The pandemic wreaks havoc for many companies, but there is an expectation that while the global economy may take time to recover and the shape of recovery may be uncertain, it will ultimately recover. The pace of such recovery in different geographic and economic zones is likely to vary. The Company has taken a considered approach to minimising and managing the impact of the pandemic and has well formulated contingency plans and incident management governance, which continue to evolve as changes to circumstances occur.

The Company has proactively sought to minimise COVID-19 impacts on the mental health and wellbeing of its colleagues through centrally established support programmes, co-ordinated communications and monitoring of sickness rates. The UK Crisis Management Team continues to develop the Company's response to changing government policy and colleague requirements.

People risk

The willingness of competitors to offer key staff higher remuneration and benefits packages continues to be a risk to the Marsh group's ability to attract and retain key people. Periodic benchmarking of salaries is carried out to ensure the organisation remains competitive. The competitor risk within the Marsh group regarding 'colleague or team poaching' is mitigated with proportionate executive and local management governance. Where colleagues exit the company, management, HR and Legal teams exercise covenants as appropriate.

The most proximate People risks remain the impacts of the COVID-19 pandemic on colleagues and enhanced competitor 'colleague poaching'. Both risks are noted in more detail above.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Political risk

The Company is subject to local and international economic and political instability. The Company manages this risk through monitoring of the economic environment as part of its ongoing forecasting process. Management has noted that the United Kingdom (UK) formally left the European Union (‘EU’) on 31 January 2020 and the subsequent “transition phase” ended on 31 December 2020. During this period, trade negotiations between the UK and EU resulted in a trade agreement in late 2020.

The Company has considered the key risks and impact to its business and operations following the end of the transition period and the content of the trade agreement and has taken steps to mitigate the key risks identified. A Brexit Operations Group was established to co-ordinate activities within and across individual lines of business and across all functional areas to ensure that the Company was Brexit ready and responsive to client needs in the UK and the EU. The Operations Group also managed the risks and any uncertainty around standards of data protection and the storing and transfer of data between the UK and EU after Brexit on colleagues who are EU citizens, and the potential impact on the Company's suppliers.

The Company has implemented solutions to mitigate all three areas of risk and uncertainty described above.

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

A J Croft
Director

Date: 23 September 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

PRINCIPAL ACTIVITY

The principal activities of the Company are set out in the Strategic Report on page 1. The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report on pages 1 to 9. This includes details of the Company's principal risks and uncertainties.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5 million *(2019 - £3 million)*.

The Company paid a dividend in year of £nil. (2019: £25 million). The directors do not recommend the payment of a final dividend.

DIRECTORS

The directors who served during the year were:

D J Bruce
R M Cocks (appointed 23 March 2020)
A J Croft
A J Henderson (appointed 23 March 2020)
T O'Dwyer (appointed 23 March 2020)
S R Woodhouse (appointed 23 March 2020)

GOING CONCERN

The directors have no plans for a change in the principal activities of the Company or any intention to liquidate the Company in the foreseeable future. The directors acknowledge the Company's net current liability position of £1 million and have evaluated funding options available to the Company. Following this evaluation they are satisfied that any obligations can be met. These financial statements are therefore presented on a going concern basis.

The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic, and the directors are satisfied that the Company’s services will continue to be required by the main customer, Marsh Limited.

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

ENVIRONMENTAL MATTERS

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

FUTURE DEVELOPMENTS

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

EMPLOYEES

All contracts of employment are with, and the remuneration of employees and directors is paid by, a fellow group company, Marsh Services Limited. The Company is charged and bears the cost for the remuneration and other associated benefits paid on its behalf.

MODERN SLAVERY ACT

The Company has a longstanding commitment to conducting business in a responsible and ethical way, in accordance with its Code of Conduct, 'The Greater Good'. The Company is also committed to fulfilling its obligations under the Modern Slavery Act 2015. In support of this the Company has a communications programme to raise awareness amongst all UK colleagues to ensure that they are mindful of the risks of modern day slavery.

Global Procurement has implemented specific vetting checks, in addition to existing processes, to support this initiative. Processes to monitor and vet supplier practices are still evolving. The statement can be found on the company website (www.marsh.com/uk/modern-slavery-statement.html). The statement is reviewed annually.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has put in place an indemnity in its Articles of Association to indemnify directors and officers of the Company against losses or liabilities sustained in the execution of their duties of office. The indemnity is a qualifying third party indemnity provision under s232 and s234 of the Companies Act 2006.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

The Company, as part of Marsh McLennan group of companies (“MMC”) 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, the 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 is working with MMC to ensure it actively contributes to achieving these commitments.

The Company operates from offices that are owned or leased, but which are managed centrally. In some sites, the procurement of gas and electricity is the responsibility of the Company. In other sites these services are provided by the property owner. 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. We continue to look for ways to improve the quality of the data being reported and intend to contact all landlords in 2021 to request they validate the Company’s consumption of gas and electricity.

A number of initiatives have been undertaken to reduce the emissions of the Company. 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 the Company’s 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 Group has been working with facility providers to increase the use of electric vehicles by replacing a number of petrol powered vehicles being used with electric vehicles and surveying a number of sites with a view to installing EV charge points.

The Company has been part of an accreditation scheme operated by the Carbon Trust since 2017. In its report dated 9 February 2019, which covered the UK operations of Marsh, Mercer and Guy Carpenter, the Carbon Trust stated that the carbon management performance of the businesses was in the 75th percentile in its sector with a performance of 75% against the best performing organisation of 77% and in the 50th percentile against all certifications. A recertification with the Carbon Trust is currently underway.

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).

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION (CONTINUED)

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

The Company has chosen headcount as its intensity metric, and is reporting consumption of 0.55 tonnes of CO2 emissions per person on a location basis and 0.20 tonnes on a market basis for 2020.

Tonnes of CO2 emissions (TCO2e)

		UK 2020 (excluding offshore)
Emissions from combustion of gas (Scope 1 – tonnes of CO2e)		53
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO2e)		2
	Location Based	Market Based
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO2e)	471	136
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	526	191
	Electricity (kWh)	Gas (kWh)
	2,018,442	288,294
Total		2,306,736
Intensity measurement, TCO2e per employee	0.55	0.2
Headcount as at 31st December	958	

MATTERS COVERED IN THE STRATEGIC REPORT

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report on pages 1 to 9. This includes a review of the development of the business of the Company during the year and of likely future developments in its business. Details of the principal risks and uncertainties are included in the Strategic Report.

COVID-19 UPDATE

On March 11, 2020, the World Health Organization declared the Coronavirus ("Covid-19") a pandemic; the Covid-19 pandemic could have a material adverse effect on our business operations, results of operations, cash flows and financial position.

Global health concerns relating to the ongoing Covid-19 pandemic and related government actions taken to reduce the spread of the virus have had a dramatic impact on the macroeconomic environment, and the outbreak continues to materially increase economic uncertainty and reduce economic activity.

The outbreak has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place or total lock-down orders and business limitations and shutdowns. Such measures have significantly contributed to decreased levels of business activity of our clients and the industries and markets that we serve. Governments around the globe have taken steps to mitigate some of the more severe anticipated economic effects of the virus, but there can be no assurance that such steps will be effective or achieve their desired results in a timely fashion.

The outbreak has adversely impacted and is likely to further adversely impact the workforce of the Marsh group of companies' workforce and operations and the operations of our clients, third-party vendors and business partners. The spread of Covid-19 has caused the Group to modify its business practices (including transitioning substantially all of our colleagues to a remote work environment, restricting colleague travel, developing social distancing plans for its colleagues and cancelling physical participation in meetings, events and conferences), and further actions may be taken as required by government authorities or as the Group determines are in the best interests of its colleagues, clients and business partners. There is no certainty how long such policies will remain in effect or that such measures will be sufficient to mitigate the risks posed by the virus or will otherwise be satisfactory to government authorities. However, there has been a significant improvement in outlook due to vaccination programmes, which has allowed for some colleagues to return to the office, although the timing of a return to pre-pandemic occupation levels is uncertain.

The ongoing impacts of Covid-19 may affect the ability of our clients to generate new business, our overall level of profitability and cash flow, and our liquidity due to a number of macroeconomic and operational factors. Such factors may include:

• the timeliness and ultimate collectability of our receivables;
• failure of third parties upon which we rely to meet their obligations to us, or significant disruptions in their ability to meet those obligations in a timely manner, which may be caused by their own financial or operational difficulties; and
• the impact of an extended period of remote work arrangements on our business continuity plans, and our ability to continue to provide services to our clients.

There are no comparable recent events that provide guidance as to the effect the spread of Covid-19 as a global pandemic may have and, as a result, the ultimate impact of the outbreak is highly uncertain and subject to change. We do not yet know the full extent of the impacts on our business, our operations or the global economy as a whole.

Macroeconomic conditions, political events and other market conditions around the world affect our clients' businesses and the markets they serve. These conditions may reduce demand for our services which could have a material adverse effect on our results of operations. Changes in macroeconomic and political conditions could also shift demand to services for which Marsh, our principal client, does not have a competitive advantage, and this could negatively affect the amount of business that we are able to obtain.

CORPORATE ACQUISITION AND RESTRUCTURE

On 1 May 2020, the Company issued 1,000 ordinary £1 shares to its parent company MMC UK Group Limited (at a premium) for total consideration of £100,000, in exchange for 100% of the share capital of JLT Management Services Limited ("JLTMS").

JLTMS then sold its trade and assets, with the exception of the pension scheme liabilities, to the Company on 1 May 2020. The employees of JLTMS transferred under a Transfer of Undertakings (Protection of Employment) ("TUPE") arrangement to Marsh Services Limited on 1 January 2020, along with the pension scheme liabilities.

Further information on the hive-up arrangement has been detailed in the Strategic Report on page 1.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

POST BALANCE SHEET EVENTS

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

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the board on 23 September 2021 and signed on its behalf.

A J Croft
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Annual Report and the audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 MARSH CORPORATE SERVICES LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Marsh Corporate Services 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

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

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSH CORPORATE SERVICES LIMITED (CONTINUED)

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 MARSH CORPORATE SERVICES LIMITED (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 including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSH CORPORATE SERVICES 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, ACA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London
United Kingdom

23 September 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £M	2019 £M
Turnover	4	**372**	*255*
Gross profit		**372**	*255*
Administrative expenses		**(367)**	*(251)*
Other operating income		**1**	-
Operating profit	5	**6**	*4*
Interest payable and expenses		**(1)**	-
Profit before tax		**5**	*4*
Tax on profit	9	**-**	*(1)*
Profit for the financial year		**5**	*3*

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £M NIL).

All transactions derive from continuing activities.

The notes on pages 25 to 50 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £M		2019 £M
Fixed assets					
Intangible fixed assets	11		**25**		*26*
Tangible assets	12		**61**		*48*
Fixed asset investments	13		**-**		-
			86		*74*
Current assets					
Debtors: amounts falling due after more than one year	14	**19**		*13*	
Debtors: amounts falling due within one year	14	**409**		*267*	
		428		*280*	
Creditors: amounts falling due within one year	15	**(429)**		*(278)*	
Net current (liabilities)/assets			**(1)**		*2*
Total assets less current liabilities			**85**		*76*
Provisions for liabilities					
Deferred tax	16	**(2)**		*(1)*	
Other provisions	17	**(12)**		*(9)*	
			(14)		*(10)*
Net assets			**71**		*66*
Capital and reserves					
Called up share capital	18		**-**		-
Revaluation reserve	19		**9**		*9*
Profit and loss account	19		**62**		*57*
			71		*66*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 September 2021.

A J Croft
Director

The notes on pages 25 to 50 form part of these financial statements.

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

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£M	£M	£M	£M
At 1 January 2020	-	9	57	66
Comprehensive income for the year				
Profit for the year	-	-	5	5
Total comprehensive income for the year	-	-	5	5
Total transactions with owners	-	-	-	-
At 31 December 2020	-	9	62	71

The notes on pages 25 to 50 form part of these financial statements.

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

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£M	£M	£M	£M
At 1 January 2019	**52**	**9**	**27**	**88**
Comprehensive income for the year				
Profit for the year	-	-	3	3
Total comprehensive income for the year	-	-	3	3
Dividends: Equity capital	-	-	(25)	(25)
Share capital reduction	(52)	-	52	-
Total transactions with owners	(52)	-	27	(25)
At 31 December 2019	-	9	57	66

The notes on pages 25 to 50 form part of these financial statements.

1. GENERAL INFORMATION

Marsh Corporate Services Limited is a company incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on the Company information page. Marsh Corporate Services Limited is a private company limited by shares. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 9.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

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

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

This information is included in the consolidated financial statements of Marsh & McLennan Companies, Inc. as at 31 December 2020 and these financial statements may be obtained from the address listed in note 24.

Shareholders have been notified in writing and do not object to the disclosure exemptions.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review, which forms part of the Strategic Report. The Strategic Report also describes the financial position of the Company; its cash flows and liquidity risk; and its exposure to credit risk.

The Company meets its day-to-day working capital requirements from corporate cash balances. The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's services; (b) the exchange rate between sterling and foreign currencies; and (c) the Company's cost base. The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic, and the directors are satisfied that the Company's services will continue to be attractive to clients. The Directors considered it was appropriate for the Company to perform additional procedures and analysis, specific to COVID-19, to consider whether these events and uncertainties cast significant doubt upon the Company's ability to continue as a going concern. This monitoring and analysis considered our business resilience and continuity plans, liquidity and financial resources.

The directors acknowledge the latest guidance on going concern.

Having assessed the responses to their enquiries, including those related to Covid-19, and considered the available funding options for the Company's net current liability position, of £1 million, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. Accordingly, the directors continue to adopt going concern basis in preparing the annual report and financial statements.

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 OPERATING LEASES: THE COMPANY AS LESSOR

Rentals income from operating leases is credited to profit or loss on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 01 January 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 01 January 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2. ACCOUNTING POLICIES (CONTINUED)

2.8 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 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.

2.10 BORROWING COSTS

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.11 CURRENT AND DEFERRED TAXATION

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.12 INTANGIBLE ASSETS

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer Software Development -	14% - 33.33% per annum

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software or to sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Management review intangibles and estimate the useful lives based on estimates of the future cash flows.

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:

Freehold property	- 2% per annum
Short-term leasehold property	- 3.33% - 10% per annum
Office equipment	- 20% - 33.33% 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. ACCOUNTING POLICIES (CONTINUED)

2.14 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.15 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Impairment is measured by comparing the carrying value of the asset with its future discounted cash flow. Those held as current assets are stated at the lower of cost and net realisable value.

2.16 IMPAIRMENT OF FIXED ASSETS

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ('CGU') to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. ACCOUNTING POLICIES (CONTINUED)

2.17 IMPAIRMENT

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of income as described below.

i. Financial assets
For the Company’s assets carried at amortised cost, the amount of an impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For the Company’s assets carried at cost less impairment, the impairment loss is the difference between the asset’s carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

ii. Non-financial assets
At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets acquired separately to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of income, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Internally generated intangible assets arising from the Company’s internal system development projects are considered for impairment on a regular basis. Where assets no longer have a useful purpose either by the result of obsolescence or the Company’s decision to migrate to other products, then the asset will be written off in the statement of income in the quarter in which the asset is no longer in a condition useable by the Company in any capacity.

2. ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 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.

2.20 CREDITORS

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

2.21 PROVISIONS FOR LIABILITIES

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

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

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

2.22 ONEROUS LEASES

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

2.23 FINANCIAL INSTRUMENTS

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.23 FINANCIAL INSTRUMENTS (continued)

at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

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

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

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2. ACCOUNTING POLICIES (CONTINUED)

2.24 DIVIDENDS

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

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

- the Company's working capital requirements to sustain its business plans,
- the Company's future capital investment needs, and
- the Company's excess financial resources.

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

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

The estimates and underlying assumptions are reviewed on an ongoing 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.

Tangible fixed assets

The Company tests annually whether its tangible fixed assets has experienced any event or changes that indicate that the carrying value of the asset has suffered any impairment.

The recoverable amount of tangible fixed assets is determined based on value in use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgement. In making this judgement, the Company evaluates, amongst other factors, the duration and extent to which the fair value of the tangible fixed assets 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 operating 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 reporting period that may 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:

Recoverability of intangible assets

Intangible assets have been reviewed during the financial year and the directors believe that no impairment charge is required. The situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Impairment of trade and other receivables

The impairment of trade and other receivables is considered by the Company's management on a regular basis. The majority of the Company's receivables are from Group companies. Provision is made on the basis of an assessment of the credit risk associated with the counterparty, including consideration of their trading status, aged analysis of the recoverable amounts involved, previous recovery performance and assessment of the extent to which the Company would suffer an actual loss in the event of non-payment.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Property provisions

During the ordinary course of business the Company can be subject to obligations in respect of its property activities and commitments.

A provision is established in respect of dilapidations and property abandonment when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated.

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

The outcome of the currently pending and future property provision requirements cannot be predicted with certainty. Therefore, an adverse decision in a current or future negotiation could result in additional costs that are in excess of the presently established provisions. It is possible that the financial position, current operations or cash-flow could be materially affected by the outcome of unfavourable negotiations.

4. TURNOVER

The whole of the turnover compromises services rendered to other group companies.

	2020	*2019*
	£M	*£M*
United Kingdom	**372**	*255*
	372	*255*

5. OPERATING PROFIT

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

	2020 £M	*2019 £M*
Research & development charged as an expense	-	*11*
Foreign exchange gain	(1)	*-*
Other operating lease rentals	21	*10*
Tangible fixed assets - depreciation	19	*12*
Intangible fixed assets - amortisation	12	*5*

6. AUDITOR'S REMUNERATION

	2020 £M	*2019 £M*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements.	2	*1*

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

The audit fees are borne by the Company on behalf of fellow subsidiaries and subsequently recharged.

The audit fee attributable to the Marsh Corporate Services Limited is £0.2 million (2019: £0.1 million).

7. EMPLOYEES

Staff costs were as follows:

	2020 **£M**	*2019* *£M*
Wages and salaries	**80**	*57*
Social security costs	**10**	*7*
Cost of defined contribution scheme	**5**	*4*
	95	*68*

The majority of contracts of employment are with, and the remuneration of employees and directors is paid by, a fellow Group company, Marsh Services Limited. The Company is charged and bears the cost for the remuneration and other associated benefits paid on its behalf, with the exception of the share-based payments charge.

On 1 January 2020 Marsh Services Limited commenced recharging the costs of the JLTMS employees transferred under a TUPE arrangement to the Company.

The Group operates a pension scheme (“the Fund”) in the UK, for which Marsh Services Limited is a participating employer with defined benefit and defined contributions sections. The Marsh defined benefit section was closed to new employees of the Company with effect from 1 July 2004. Following consultation, Marsh Services Limited determined in January 2014 to close the existing sections of the Fund to all future benefit accrual with effect from 1 August 2014.

The Company, through its management fee with Marsh Services Limited, contributes to the Marsh section of the MMC UK Pension Fund. The FRS 102 Section 28 disclosures for the defined benefit section have been made within the financial statements of Marsh Services Limited. At 31 December 2019, Marsh Services Limited disclosed in its financial statements that the pension scheme was using an FRS 102 valuation basis. Further detail, of the surplus for the employer, if any, can be found in the financial statements of Marsh Services Limited.

8. DIRECTORS' REMUNERATION

The majority of the directors are executives of other Group Companies. In such circumstances, it is not practicable to allocate their remuneration between services as executives of other Group Companies and their services as directors of the Company in the current year. Accordingly, we have not disclosed the remuneration of directors who work predominantly for other group companies during the current year.

Where the Company’s directors are in receipt of share-based payments and awards as part of their overall remuneration, these are disclosed in the financial statements of Marsh Services Limited, the group’s principal employing company.

9. TAX ON PROFIT

	2020 £M	*2019* *£M*
CORPORATION TAX		
Current tax on profits for the year	5	*(1)*
	5	*(1)*
TOTAL CURRENT TAX	5	*(1)*
DEFERRED TAX		
Origination and reversal of timing differences	(4)	*2*
Changes to tax rates	(1)	*-*
TOTAL DEFERRED TAX	(5)	*2*
TAXATION ON PROFIT	-	*1*

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2020 £M	*2019* *£M*
Profit before tax	5	*4*
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	1	*1*
Changes to tax rates	(1)	*-*
TOTAL TAX CHARGE FOR THE YEAR	-	*1*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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

10. DIVIDENDS

	2020 £M	*2019 £M*
Dividends paid - interim	-	*25*
	-	*25*

11. INTANGIBLE ASSETS

	Development costs; pre completion £M	Development costs; completed £M	Total £M
COST			
At 1 January 2020	11	42	53
Additions	3	-	3
Additions - internal	(9)	9	-
Disposals	-	(2)	(2)
Intra-group transfers	2	59	61
At 31 December 2020	7	108	115
AMORTISATION			
At 1 January 2020	-	27	27
Charge for the year on owned assets	-	12	12
Amortisation transfer from group	-	52	52
On disposals	-	(1)	(1)
At 31 December 2020	-	90	90
NET BOOK VALUE			
At 31 December 2020	7	18	25
At 31 December 2019	*11*	*15*	*26*

11. INTANGIBLE ASSETS (CONTINUED)

Pre-completion intangible assets relate to computer software development costs of the Company's projects under the course of construction. These projects are under development and therefore are not amortised until they are complete.

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

During the year £9 million project costs were transferred from pre-completion to completed development costs.

As at 31 December 2020 there were no amounts payable in relation to contracted commitments for the acquisition of intangible assets.

Amortisation is charged to the statement of comprehensive income and resides within administrative expenses.

12. TANGIBLE FIXED ASSETS

	Freehold property £M	Short-term leasehold property £M	Office equipment £M	Total £M
COST OR VALUATION				
At 1 January 2020	**11**	**22**	**209**	**242**
Additions	**-**	**3**	**7**	**10**
Transfers intra group	**-**	**35**	**22**	**57**
Disposals	**-**	**(3)**	**(1)**	**(4)**
At 31 December 2020	**11**	**57**	**237**	**305**
DEPRECIATION				
At 1 January 2020	**5**	**12**	**177**	**194**
Charge for the year on owned assets	**-**	**5**	**14**	**19**
Transfers intra group	**-**	**17**	**15**	**32**
Disposals	**-**	**(1)**	**-**	**(1)**
At 31 December 2020	**5**	**33**	**206**	**244**
NET BOOK VALUE				
At 31 December 2020	**6**	**24**	**31**	**61**
At 31 December 2019	*6*	*10*	*32*	*48*

If the Freehold land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2020 £M	*2019 £M*
Cost	**5**	*5*
Accumulated depreciation	**(3)**	*(3)*
NET BOOK VALUE	**2**	*2*

12. TANGIBLE FIXED ASSETS (CONTINUED)

If the Leasehold land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2020 **£M**	*2019* *£M*
Cost	**54**	*21*
Accumulated depreciation	**(33)**	*(11)*
NET BOOK VALUE	**21**	*10*

Freehold and Leasehold property was revalued in 2001 on the basis of an open market valuation by an independent valuer.

The transfer of assets from the acquisition of JLTMS has resulted in a significant increase of leasehold land and buildings under the historical cost convention.

13. FIXED ASSET INVESTMENTS

Details of the Company's subsidiary undertakings at 31 December 2020 are shown below:

Name	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
JLT Management Services Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW

The Company's only investment is directly owned by the company.

In the opinion of the directors the aggregate value of investments in the Company's subsidiaries are not less than the amount at which they are included in the Statement of Financial Position.

14. DEBTORS

	2020 £M	2019 £M
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	**19**	*13*
	19	*13*

	2020 £M	2019 £M
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	**288**	*178*
Other debtors	**13**	*8*
Prepayments and accrued income	**19**	*11*
Tax recoverable	**89**	*63*
Amounts recoverable from group undertakings in respect of tax	**-**	*7*
	409	*267*

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

15. CREDITORS: Amounts falling due within one year

	2020 £M	2019 £M
Bank overdrafts	**115**	*151*
Amounts owed to group undertakings	**214**	*59*
Amounts owed to group undertakings for tax	**26**	*21*
Other creditors	**8**	*-*
Accruals and deferred income	**66**	*47*
	429	*278*

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

16. DEFERRED TAX

	2020 £M	2019 £M
At beginning of year	**12**	*14*
Charged to profit or loss	**5**	*(2)*
AT END OF YEAR	**17**	*12*

The deferred tax balance is made up as follows:

	2020 £M	2019 £M
Accelerated capital allowances	**19**	*13*
Property revaluation	**(2)**	*(1)*
	17	*12*
COMPRISING:		
Asset - due after one year	**19**	*13*
Liability	**(2)**	*(1)*
	17	*12*

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. If this tax rate had been substantively enacted at the balance sheet date, the deferred tax asset would be £5 million higher.

There are no unrecognised deferred tax balances.

17. PROVISIONS

	Abandoned property provision £M	Property dilapidation provision £M	Total £M
At 1 January 2020	**1**	**8**	**9**
Charged to profit or loss	**1**	**-**	**1**
Arising on business combinations	**2**	**-**	**2**
AT 31 DECEMBER 2020	**4**	**8**	**12**

The property provision includes:

Costs of abandoned properties relating to obligations under onerous historical leases where the properties have been vacated; and

Dilapidation costs relating to the legal obligation to restore lease provisions to their original condition at lease expiry.

18. SHARE CAPITAL

	2020 £M	*2019 £M*
Allotted, called up and fully paid		
1,001 *(2019: - 1)* Ordinary shares of £1.0 each	**-**	*-*

The Company has one class of ordinary shares which carry no right to fixed income.

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

On 1 May 2020 the Company issued 1,000 ordinary £1 shares to its parent company MMC UK Group Limited (at a premium) for total consideration of £100,000, in exchange for 100% of the share capital of JLTMS.

19. RESERVES

Share premium account

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

Revaluation reserve

The revaluation reserve arose on an historic revaluation of land and buildings that occurred in the past, whilst the Company was reporting under UK GAAP. There have been no subsequent revaluations reflected in these financial statements.

Profit and loss account

Profit and loss account includes all current and prior year retained profits and losses.

20. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020, the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	*2019*
	£M	*£M*
Land and buildings		
Not later than 1 year	**6**	*5*
Later than 1 year and not later than 5 years	**23**	*15*
Later than 5 years	**25**	*17*
	54	*37*

	2020	*2019*
	£M	*£M*
Other		
Not later than 1 year	**11**	*14*
Later than 1 year and not later than 5 years	**4**	*2*
	15	*16*

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

Operating lease payments represent rentals and service contracts payable by the Company for certain of its office properties. Generally, leases are negotiated for an average number of 10 years and rentals are fixed for an average of five years with an option to extend for a further five years at the prevailing market rate. There are exceptions to this where market conditions differ.

Commitments under operating leases have significantly increased due to the operating leases from JLTMS being transferred to the Company on 1 May 2020.

The Company as a lessor

At 31 December 2020 the Company had contracted with tenants for the following future minimum lease payments:

	2020 £M	2019 £M
Land and buildings		
Not later than 1 year	**1**	*1*
Later than 1 year and not later than 5 years	**4**	*2*
Later than 5 years	**3**	*2*
	8	*5*

21. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under FRS 102 Section 33.1A not to disclose transactions between entities within the Marsh & McLennan Companies, Inc. Group (the "Group"), where no less than 100% of voting rights are controlled within the Group, whose consolidated financial statements are publicly available. There are no other transactions requiring disclosure.

22. POST BALANCE SHEET EVENTS

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

23. GROUP FINANCIAL STATEMENTS

Group financial statements are not prepared in line with Section 401 of the Companies Act 2006 as the Company is itself a wholly-owned subsidiary and is included in the consolidated financial statements of Marsh & McLennan Companies, Inc., its ultimate parent company. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its Group.

24. CONTROLLING PARTY

The Company's immediate parent company is MMC UK Group Limited, registered in England and Wales. The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in the State of Delaware, USA.

The smallest and largest group in which the results of the Company are consolidated is that headed by 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
Marsh & McLennan Companies UK Limited
1 Tower Place West
Tower Place
London
EC3R 5BU