Registered number: 01507274

MARSH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

MARSH LIMITED

COMPANY INFORMATION

DIRECTORS	J Boyce M D Campbell (resigned 31 August 2021) M C Chessher A J Coates T Colraine J Flahive A S Fraser-Hawkins A B Girling A Gruppo (resigned 31 December 2021) R Harris (appointed 1 June 2022) J R Hirst (resigned 28 February 2021) A J King C J Lay P E Moody C R Read (appointed 1 April 2022) D M A Samengo-Turner (appointed 23 December 2021) B S N Sinniah (appointed 21 May 2021, resigned 31 December 2021) D A Weymouth (appointed 1 April 2022) R I White (resigned 31 December 2021)
COMPANY SECRETARY	C M Valentine
REGISTERED NUMBER	01507274
REGISTERED OFFICE	1 Tower Place West Tower Place London EC3R 5BU

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

INTRODUCTION

The directors present their Strategic Report for Marsh Limited ('the Company') for the year ended 31 December 2021. The Company's registration number is 01507274.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company provides risk management, insurance and reinsurance broking services to clients through two principal businesses, Marsh and Guy Carpenter, and also receives revenue for services to insurance companies.

The Company is part of Marsh & McLennan Companies, Inc. ('MMC Group' or 'the Group'). The Company utilises services, mainly in relation to staff and property, from other MMC Group companies for which it receives a recharge. The Company has no employees and does not own or lease any property itself. Any reference to employees or property in these financial statements relates to the staff and property provided by other MMC Group companies.

There have not been any significant changes in the Company's principal activities during the period under review and the directors propose that the principal activities will continue during 2022.

The Covid-19 pandemic, which had a significant impact across the globe in 2020, brought challenges to the Company's working environment and the majority of the Company's colleagues had to work remotely for most of the year. The impact of the pandemic continued into 2021, modified working practices allowed the Company to be able to continue to operate effectively.

During the year, the Company sold its network business to a direct subsidiary undertaking, Jelf Insurance Brokers Limited.

During the prior year, the Company purchased the trade and assets of its subsidiary undertakings, JLT Reinsurance Brokers Limited and JLT Specialty Limited. The Company did not take on the employees of those companies; they transferred employment contracts under a TUPE arrangement process into Marsh Services Limited which is also owned by the MMC Group.

During 2020, the Company also transferred the business of European Economic Area (EEA) clients from the Company to the UK branches of other MMC Group companies registered in the Republic of Ireland, Germany and Belgium; the related business has been disclosed as discontinued operations in the year ended 31 December 2020.

The Company is regulated by the Financial Conduct Authority ('FCA').

FINANCIAL KEY PERFORMANCE INDICATORS

The Company's key financial performance indicators during the year were as follows, compared to 2020:

	2021	*2020*	Movement	Movement
	£M	*£M*	£M	%
Turnover - Client service revenue	**1,191**	*1,192*	(1)	-
Turnover - Investment income	**3**	*13*	(10)	(77)
Administrative expenses	**(1,067)**	*(963)*	(104)	(11)
Shareholders' funds	**1,919**	*2,844*	(925)	(33)

FINANCIAL KEY PERFORMANCE INDICATORS (continued)

The Company's profit before tax for the year of £260 million was an increase of £140 million compared to 2020. The Company undertook some significant transactions during 2020 (see above for details) which impacted on its results for that year in relation to dividends received and related amounts written off investments. See below for further details on the impact of the transactions in the year on year reported results for the Company.

Turnover in relation to client service revenue was broadly flat year on year. The decrease of £1 million represents an increase in turnover from continuing operations of £103 million offset by a decrease of £104 million in relation to the business from EEA clients transferred from the Company to the UK branches of other MMC Group companies in 2020. A significant amount of the Company's revenue is generated in currencies other than Sterling.

Turnover in relation to investment income decreased by £10 million in 2021 due to the impact of lower interest rates.

Administrative expenses increased by £104 million on the prior year (11%) to £1,067 million mainly reflecting a full year's intangible amortisation and staff costs for the business that transferred from JLT Reinsurance Brokers Limited and JLT Specialty Limited during 2020.

Income from other participating interests decreased by £116 million. This reduction reflects the profit from the sale of the EEA business to the UK branches of other subsidiary companies registered in the Republic of Ireland, Germany and Belgium in the prior year offset by the profit from the sale of the network business to Jelf Insurance Brokers in the current year.

Income from fixed asset investments decreased by £1,110 million, mainly due to unusually large dividends in the prior year related to internal reorganisations (see note 11). In 2020, JLT Insurance Group Holdings Limited, declared dividends to Marsh Limited which arose as a consequence of the sale of business, from JLT Specialty Limited and JLT Reinsurance Brokers Limited, to the Company at fair value.

Following the annual impairment review of investments in subsidiaries, a £156 million impairment has been provided against the carrying value, largely as a result of the dividends received from investments in 2021. The £1,621 million impairment charge in 2020 was mainly in relation to the trade and assets transferring into the Company from JLT Specialty Limited and JLT Reinsurance Brokers Limited.

Shareholders' funds decreased by £925 million on the prior year to £1,919 million. The Company made a profit after tax of £216 million and paid dividends of £1,141 million to its shareholder, MMC UK Group Limited, during the year.

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE 'ACT') STATEMENT

The Wates Corporate Governance Principles for Large Private Companies (which can be found at www.wates.co.uk/who-we-are/corporate-governance) serves as the framework to demonstrate how Directors have had regard for the matters set out in section 172(1) (a) to (f) of the Act when performing their duties, including how Directors have engaged with and considered the interests of stakeholders including UK employees, suppliers, customers and those in a principal business relationship with the Company.

Corporate Governance Statement

The Directors have set out below an explanation of how the Wates Principles have been applied during the 2021 year.

Principle 1 - Purpose and Leadership

Purpose

The purpose of the Company is to protect and promote possibility for the benefit of clients, colleagues and the community.

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

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

Whilst pursuing its principal activities the Company also generates value for its shareholders and ensures the sound and prudent management of the firm, with due regard for the interests of the Company's other stakeholders, including clients, employees, suppliers and the wider community.

Values and Culture

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

The Board and the Executive Team are committed to ensuring that the Company makes a positive difference for its clients, its employees, its communities and society at large.

During the year, the Company worked with an external provider to deliver a programme designed to drive an inclusive culture across a diverse workforce. This included an all employee survey on culture, training on diversity and inclusion delivered to over one thousand managers and the setting of diversity and inclusion and culture metrics goals. The Company's Conduct Risk Dashboard was enhanced to include these metrics, which were reviewed and challenged by the Risk Committee and Board throughout the year.

The Company also enhanced its Speaking Up report, to provide support and assurance to the Audit Committee, which is responsible for making sure that there is proportionate and independent investigation of issues raised by colleagues or other parties that may indicate actual or potential improprieties. The report included information on whistleblowing, disciplinary and grievance events, along with trends and regulatory developments.

The Company's Conduct and Culture working group continued to meet monthly to ensure that Culture and Conduct remained central to the Company’s strategy for growth.

Principle 1 –Purpose and Leadership (continued)

Strategy

The impact of the global Covid-19 pandemic and the hybrid working environment continued to present challenges to the business in the 2021 financial year, offset by the benefit of the hard insurance market. The Board retained its focus on ensuring the safety and wellbeing of colleagues, the operational stability and growth of the business and on the delivery of support and services to its clients.

The Company remains committed to integrating Environmental, Social and Governance (ESG) considerations into its decisions and strategy, and building a more sustainable environment for everyone. The MMC Group delivered on its pledge to be carbon neutral in 2021, through the reduction of greenhouse gas emissions in its own operations and the purchase of verifiable offsets. The Group also strengthened its commitment to a better, sustainable future for all by implementing enterprise-wide Client Engagement Principles that support sustainable development goals in vital areas such as affordable healthcare, gender equality and climate-change mitigation. In addition, the commitment to change was demonstrated through membership of ClimateWise, becoming a signatory to the Race At Work charter and being an ambassador for the Race: Action Through Change organisation. Partnerships with social enterprises committed to delivering lasting change in the insurance industry have also been expanded, including a multi-year relationship with the Insurance Cultural Awareness Network.

Our colleagues remain our priority and we have launched a new UK Colleague Guide which seeks to align and simplify language on all colleague related policies. These have been enhanced in a number of areas, further enabling colleague well-being and supporting a healthy balance between work and home life. Providing a sustainable platform for change into the future has been a particular focus and we have been successful in ensuring that our early careers joiners – graduates, apprentices and interns – are gender, ethnically and racially diverse.

During 2021, the Digital team in the UK and Ireland focussed on the enhancement of clients' digital experience, piloting a number of applications which enable clients to access and interact with their own data. In addition, there have been a number of product launches through digital distribution channels and a roadmap has also been developed for the digital placement of risks.

The Board provided oversight and counsel to the Chief Executive Officer in the embedding of cultural initiatives and in the evolution of business strategy to align with evolving demand and growth pathways. The Board has considered the Company's plans for long lasting improvements for its business, people and clients, endorsing its purpose and promoting the Company's success in the long term. In addition, the Board provided oversight and challenge in respect of the development of the culture of the organisation.

Principle 2 - Composition

Chair

The roles and responsibilities of Chair and Chief Executive Officer of the Company are separate and documented in role profiles and Statements of Responsibility, which, as the Company is regulated by the Financial Conduct Authority, comply with the requirements of the Senior Managers & Certification Regime. These ensure that there is a balance of responsibilities, accountabilities and decision-making across the Company. The directors have equal voting rights, except the Chair, who has the casting vote. All directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Company's expense.

During 2021, the Board established a skills matrix, which is a key tool in the Board recruitment process, to ensure its composition contains the appropriate mix of skills, background, diversity and independence. This served to identify actions or changes required to ensure that Board composition remains suitable to meet the requirements of the Company in the future and to maintain focus on succession planning.

Non-Executive Directors

The skills matrix was used in the search and appointment process for the appointment of two new independent Non-Executive Directors and a new Executive Director.

The Board´s Nominations Committee, which is responsible for overseeing the recruitment process for new Directors, engaged an external agency to assist in sourcing a diverse selection of candidates, with a range of different backgrounds, skills and experience relevant to the needs of the Company, for consideration.

Balance and Diversity & Size and Structure

The Board is currently comprised of 14 directors, which include an independent Non-Executive Chair, three other independent Non-Executive directors, the Chief Executive Officer, the Chief Financial Officer and Executives representing key areas of the business.

Board members have a range of skills, expertise and experience in, amongst other things, the fields of insurance and reinsurance broking, accountancy, operations and commercial management.

Of the Board of 14, four directors are female.

The duties of the Board are executed partially through its Committees. The Non-Executive Directors and Chair are members of the relevant committees so that they are able to challenge and influence a range of areas across the Company, including Remuneration, Audit, Compliance, Risk and Board and Executive appointments.

Effectiveness

The Board and its committees undertook an effectiveness review at the beginning of 2021 which was conducted by way of questionnaires. Feedback from the effectiveness reviews was shared with the Board/Committee members respectively and action plans agreed to deal with the matters raised, which include the search for additional Non-Executive Directors and enhancements to Board reporting.

Principle 3 - Director Responsibilities

Accountability

The Board has an established governance framework, including clearly documented terms of reference for the Board and Board Committees. The governance framework sets out the interrelation between its purpose, culture and values, its reporting and escalation structures and their alignment with legal, regulatory and statutory duties; and its risk management framework. The core elements are the legal and regulatory flow of accountability and decision making and the Company's frameworks, polices and standards and the checks and balances through the operation of the Company's second and third lines of defence which ensure effective Board oversight.

The Board operates a programme of five scheduled meetings a year, with ad hoc meetings held as and when required. In 2021, the Board met a total of 9 times and, in addition to its usual areas of focus, key discussion areas concerned matters relating to: Cyber risks, Digital Transformation, the impact of the global Covid-19 pandemic, Brexit and the culture of the Organisation. The Board has reserved certain principal matters for its own approval, and has delegated the day to day management of the Company to the Chief Executive Officer.

The Chief Executive Officer is supported by the Marsh Executive Team, which was comprised of the leaders of the main business areas and the Chief Financial Officer, the Chief Client Officer, the Chief Operating Officer, the Director of Risk and Governance and the Head of Legal and Chief People Officer. The Chief Executive Officer and Executive Team members' roles and responsibilities are clearly documented. The Executive Team meets generally on a weekly basis, with longer sessions on a monthly basis. There is also at least one all-day session held once a year.

In accordance with regulatory requirements applicable to the Company, all Directors, members of the Marsh Executive Team and the most senior managers within the Company´s businesses and functional support departments have clearly documented statements of responsibility for the matters under their remit. These statements of responsibility are collated into a "responsibility map" which is reviewed by the Board on at least an annual basis, and which provides the Board with a clear view of individual responsibilities and accountabilities across the firm.

Committees

The Board has delegated certain governance responsibilities to its Audit, Risk, Remuneration and Nominations Committees, each of which has clearly documented terms of reference. The membership of these Committees includes Non-Executive Directors who provide independent challenge to support effective decision making.

The Board and its Committees regularly review their respective terms of reference to ensure that they remain fit for purpose, are adapted to promote good governance and meet the requirements of the Company as they evolve.

The Audit Committee is responsible for monitoring the effectiveness of Group´s internal financial control systems that identify, assess, manage and monitor financial risks and non financial internal controls. It also reviews the annual financial statements of the Company. The current Audit Committee membership includes four independent Non-Executive Directors. The Audit Committee receives quarterly reports from the Finance Function, Compliance Function and MMC Internal Audit on control related findings and it monitors Executive Management's responses to these to ensure recommendations for remediation are implemented. The Committee is also responsible for overseeing the effectiveness and independence of the Internal Audit and Compliance functions and the External Auditor. The External Auditor, the Regional Controller, the Director of Risk and Governance, the Head of Compliance Monitoring and members of the Internal Audit Team are attendees at Audit Committee meetings and have unfettered access to meet with the Audit Committee Chair outside of the formal meeting programme throughout the year.

Principle 3 –Director Responsibilities (continued)

Integrity of Information

The Board receives regular reports on business and financial performance, key risks and opportunities, strategy, operational matters, market conditions, human resources, legal, compliance, and regulatory matters.

Key financial information is collated by the Group´s centralised finance function from its various accounting systems. The Group's finance function has the appropriate independence, expertise and qualifications to ensure the integrity of this information and is provided with the necessary training to keep up to date with accounting and regulatory changes. Financial information is audited by Deloitte LLP, the Company's External Auditor on an annual basis.

Other key information is prepared by the relevant business and internal functions, which are also subject to periodic reviews by the internal audit function and the Group`s 'process and controls team' who test controls regularly.

Principle 4 - Opportunity and Risk

Opportunity

The Board considers the Company´s annual strategic plan, which includes consideration of long term strategic opportunities. Other, shorter term opportunities to improve business performance and achieve operational efficiencies are considered by the Board on an ad hoc basis.

Risk

The Risk Committee assists the Board in fulfilling its responsibility for determining the Company´s risk appetite and for ensuring that sound risk management and operational controls are maintained.

The Risk Committee met four times in 2021 and its current membership includes four Non-Executive Directors. Each meeting is attended by the Director of Risk and Governance and the Chief Executive Officer, who report to the Committee on the material risks facing the Group, which include operational, financial, regulatory and strategic risks. Executives and other Senior Managers attend the Risk Committee meetings during the year to report on significant risk issues and actions being taken to mitigate them, as required.

The Risk Committee keeps under review, amongst other things, the Company's top risks including its strategic risks, the risk management performance of key business areas including conduct risks, as well as an oversight of the effectiveness of the Company's risk management framework and operational controls. It reports upon these to the Board regularly and escalates significant risks to the Board on an ad hoc basis.

On an annual basis (or more frequently if required), following review by and upon the recommendation of the Risk Committee the Board approves the Company´s Threshold Condition 2.4 regulatory requirement, Risk Management Policy and risk appetite statement.

During 2021, the Risk Function completed Phase 1 of an enhanced Risk and Controls Universe. This is a key component of the Enterprise Risk Management (ERM) Framework, seeking to assure clear delineation between First Line '*risk and control ownership' and Second Line 'oversight and review'*. Phase 2 of the programme *'control ownership and control assessment methodolog*y' will be completed in the latter part of 2022.

Principle 5 - Remuneration

Policies

In accordance with regulatory requirements, the Company has in place a formal documented Remuneration Policy, which is reviewed by the Remuneration Committee periodically.

The Remuneration Committee is chaired by the Chair of the Board and is responsible for ensuring that the Remuneration Policy and compensation practices of the Company are consistent with and promote sound and effective risk management, encourage fair treatment of clients, include measures to avoid conflicts of interest are in line with business strategy, objectives, values, culture, and the long term interests of the Company. In carrying out its responsibilities, the Committee considers:

a) the success and appropriateness of the risk and reward mechanisms available to the business to align the success of individual colleagues with the success of the business in a risk adjusted context;
b) benchmarks, at a market level, against the stated employee value propositions referencing both remuneration and benefits strategies; and
c) the extent to which remuneration structures support the business and development plans and succession planning needs.

The remuneration packages of all executive directors, members of the Executive Team, and all other colleagues falling within the top 50 based upon remuneration, (including base salary, bonuses, performance-related payments, discretionary payments, long-term incentive awards, share options and pension contributions) are reviewed and approved by the Remuneration Committee in order to ensure that executive performance is remunerated based on a balanced set of measures including financial performance as well as customer and conduct measures.

As part of the Company´s annual compensation process, the Committee reviews and challenges management on total remuneration and performance data for all colleagues with a view to ensuring that remuneration proposals for the workforce as a whole are balanced, proportionate and aligned with the Company´s commitment to building a diverse and inclusive workforce.

The Company produces a Gender Pay Gap Report on an annual basis, which is carefully scrutinised and discussed by the Board. The Company is committed to continue improving the Company´s Gender Pay Gap. For further details in this regard, please refer to the Company´s latest Gender Pay Gap Report which can be found at https://www.marsh.com/uk/about/about-marsh/diversity-and-inclusion-marsh/insights/uk-gender-pay-gap.html

Principle 6 - Stakeholder Relationships and Engagement

The purpose of the Company is to protect and promote possibility for the benefit of clients, colleagues and the 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.

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 to ensure investment in the future growth of the Company, balanced with stable and sustainable returns to the shareholder. Further information on dividends is set out in the Notes to the Financial Statements on page 41 and in Note 11.

The Chair of the Board and the Executive Directors provide the primary channel of communication between the Company, its shareholder and the wider Group.

Clients

The Company has in place an annual client engagement programme, which is tailored for different client segments. The Chief Executive Officer, members of the Executive Team and other senior managers in the business meet regularly to review the feedback. They also undertake reviews with clients to ensure that client needs are being met and, where appropriate, to refine and enhance service delivery. In 2021 the UK Client Council continued to help facilitate discussion between 25 of our largest clients with the purpose of driving change by challenging market dynamics and advancing the relevance of risk and insurance in the current landscape. The Council is also consulted as Marsh develops new processes, products and solutions, allowing the clients to shape those innovations to meet their risk, insurance and service needs.

In 2021 we continued with our programme of Independent Stewardship Reviews with clients to monitor trends in our service delivery to help address any concerns and adapt service delivery across the portfolio to respond to any trends in client feedback.

The Company is committed to ensuring all customers are treated fairly and that client interest is considered as part of decision making at every level within the Company including decisions to launch any new product or service.

The Risk Committee monitors key conduct risk indicators such as completion of employee induction and training, error and omissions and complaints data and trends, actions and time taken to address areas of concern to ensure positive client outcomes. The Board also receives reporting on conduct risks and escalations from the Risk Committee on any areas of particular concern.

Principle 6 – Stakeholder Relationships and Engagement (continued)

Colleagues

As a professional services firm, colleagues are at the heart of the Company's business and, throughout 2021, the health, wellbeing and safety of colleagues has continued to be a key priority for the Board. In July 2021, the Company, in line with Government advice, welcomed back colleagues to its offices on a phased approach and in accordance with strict safety measures to ensure the safety and well-being of all colleagues.

The Directors recognise that the Covid-19 pandemic has had a significant impact, not only on colleagues' work environment but also on a personal level. The Chief Executive Officer and the Marsh Executive Team increased engagement with colleagues through regular virtual Town Hall meetings and ensured the provision of mental health support. This has continued as offices have gradually re-opened.

Regular colleague engagement surveys are conducted and results are carefully scrutinised by the Board to identify and implement actions for improvement. The Board monitors attrition rates and measures 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. We have seen an increase in our senior female representation during 2021, resulting in 23.3% of our senior management population now being female. This shows significant progress towards our 2023 target.

Our 2021 Women in Finance Charter is published annually and can be found at https://www.marsh.com/uk/about/about-marsh/women-in-finance.html.

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, AccessABILITIES, Balance, Mental Health, Military, Multi-Cultural, Pride and Young Professionals groups.

Community

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

By aligning its Social Impact programmes with the business priorities and experience, the Group is able to demonstrate its commitment to its communities in the UK while also 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. The Group also encourages colleagues to volunteer with its non-profit partners supporting 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.

The Group has developed climate initiatives which represent a tangible step towards building a more sustainable environment for colleagues, clients, shareholders and future generations. More information on the initiatives may be found in the Streamline Energy and Carbon Report on pages 17 to 22.

Principle 6 - Stakeholder Relationships and Engagement (continued)

Suppliers

The Company's business with suppliers is managed through the MMC Group'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 MMC Group corporate code of conduct: 'The Greater Good'. The Greater Good outlines the key tenets of our anti-fraud, anti-slavery, bribery and corruption policy, diversity and inclusion practices, hiring practices, and more. Suppliers and supplier personnel are required to comply with the relevant provisions of such as part of our contractual agreements.

The Group actively seeks to encourage and assist diverse suppliers interested in competing for opportunities to supply goods and services and encourages all of our suppliers to take similar action. We recognize that by partnering with diverse suppliers, we can create more value for our clients, and the communities we serve. As a commitment to delivering value and leadership through diversity, the MMC Group is doing the following:

- Utilising 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 the MMC Group;
- 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; and
- Monitoring progress on the effectiveness of our supplier diversity efforts.

The Company is committed to ensuring that slavery and human trafficking is not taking place in any of the Company’s 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 into the Company’s induction programme.

All suppliers are required to comply with modern slavery legislation under the standard terms and conditions of our contracting agreements; 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/54369.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's Risk Committee meets frequently throughout the year to monitor risks across the business. 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:

Conduct & Culture

The risk that the actions and behaviours of colleagues fall short of the expectations of; the regulator, our clients, other colleagues, and stakeholders, in terms of client outcomes, market stability and effective competition, and/or the standards set by ourselves in The Greater Good.

A firm's business model and culture represent the biggest potential root causes of conduct risk. The business model is determined by the senior leadership team, driven by the firm's purpose and strategy and managed by a combination of risk appetite, governance, policies and controls.

Cyber Security & Privacy

The risk that the Company is the victim of a cyber-attack resulting in the prolonged inability to provide services, suffer regulatory sanctions and/or damage to its reputation. The continuously changing cyber threat landscape coupled with the world's ongoing use and reliance on technology has made the firm more vulnerable to a cyber-attack. The overall risk trend is an increasing one, driven by global connectivity as we increasingly store our sensitive and personal information in digital assets.

In mitigation, the Company continuously monitors external threat vectors, maintains a robust information technology and cyber infrastructure, regularly updates security and patching, and provides comprehensive colleague awareness and training campaigns. In the event of a heightened cyber threat, the MMC Group has established incident management procedures which are invoked to mitigate any adverse impacts. Attendance at the FCA hosted Cyber Co-ordination Group ensures the business has sight of threats and vulnerabilities affecting the UK.

Digital Competitiveness

The risk that the Company fails to develop a market leading digital proposition, resulting in a loss of competitiveness which adversely impacts growth targets and strategic channel development. The Company's ability to interact digitally with clients and insurers is an increasingly important dimension of the Company's competitiveness across all segments. This provides an opportunity to differentiate ourselves, but a failure to move fast enough will result in a loss of market share to traditional brokers and/or new competitors.

In mitigation, the business is developing its digital capabilities, leveraging significant global investment and platforms, and tailoring to specific UK segment requirements. Execution risk and the failure to identify the next generation of digital solutions remain the key risks to maintaining competitiveness.

Economic Environment

The risk that changes within the economic environment adversely impacts the Company's strategy, reputation and/or growth targets. The business continuously monitors and responds to any material external environmental factors, such as: fiscal changes (including inflation and GDP growth), environmental influences (including the impact of Covid-19 on any clients / industries) and market-wide activity (e.g. insurer consolidations).

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Errors and Omissions

The risk of losses and associated costs arising from Errors and Omissions (E&O) claims against the Company. The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with its insurance broking business. In mitigation, the Company requires a governance and escalation structure, regular review of the adequacy and effectiveness of supporting processes and appropriate insurance cover to ensure its operations and ensuring stakeholders are not adversely impacted in the event of a claim.

Operational Resilience

This risk relates to the adequacy of the firm’s established processes, controls and oversight mechanisms to prevent, adapt, respond, recover (and learn from) operational disruptions. This is to mitigate any potential client detriment, regulatory intervention and/or adverse commercial impacts. The Company’s Operational Resilience Programme has been established to address the regulatory requirements arising from the FCA’s guidance in this area.

Pandemic: Covid-19

This risk relates to the firm’s ability to fulfil its duty to its clients and colleagues , and to develop and implement, proportionate planning activities to manage the impact of Covid-19 on client sales and servicing, business operations and colleague wellbeing. Sensitivities relating to the risk of new variants, the impact on the operational model and environment factors were all reviewed. Proportionate governance, horizon scanning, alignment with MMC Group practices and engagement with relevant third parties remain key mitigating controls.

People

The risk that the Company fails to employ sufficient leaders, managers or colleagues with the relevant skills, experience and engagement to deliver its products and services to the required standards and maintain a high level of conduct. The key drivers to this risk continue to be the increasingly competitive skills marketplace, resulting in colleagues and teams being ‘acquisition’ targets, and the firm’s ability to retain and attract people. External market monitoring, career progression plans, ‘grow our own’ and employment covenants remain key mitigating controls.

Regulatory Environment

This risk relates to the Company’s ability to adequately monitor the firm’s regulatory environment and/or identify, assess and manage its regulatory exposure. Reflecting the business operational model, one key area of focus remains the oversight of Guy Carpenter & Company Limited (its primary appointed representative) and the firm’s ability to maintain its Governance and Control Framework, given the Company’s status as Principal. Other areas of focus are the integration of Jelf Insurance Brokers Limited and Hamilton Bond Limited into the Company in 2022, the adherence to the Senior Managers & Certification Regime, the governance and oversight of propositions and delivering client value, and the maintenance of a robust framework for the management of risks related to financial crime.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Russia & Ukraine Conflict

The conflict between Russia and Ukraine continues to be assessed through regional and MMC Group level dedicated incident management forums, aligning the Company's responses to both local governmental and MMC Group corporate guidance. A full risk assessment has been completed against all the enterprise risk categories to support executive decision making. The Company has strong controls in place to monitor and respond to all identified areas of risk, e.g. the changing sanctions environment, the heightened risk of state-sanctioned cybersecurity attacks, the evolving market environment and provision of effective advice to clients.

This report was approved by the Board and signed on its behalf by:

C M Valentine
Secretary

Date: 6 July 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

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 14. 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 financial risk management objectives and policies are included as part of principal risks and uncertainties disclosed in the Strategic Report.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £216 million (2020 - £57 million).

The directors declared and paid dividends of £1,141 million during the year (2020: £283 million). The directors do not recommend the payment of a final dividend.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months after signing the financial statements and, therefore, continue to adopt the going concern basis in preparing the annual report and financial statements.

The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic and the conflict in Eastern Europe, and the directors are satisfied that the Company’s services will continue to be attractive to clients.

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.

DIRECTORS

The directors who served during the year were:

J Boyce
M D Campbell (resigned 31 August 2021)
M C Chessher
A J Coates
T Colraine
J Flahive
A S Fraser-Hawkins
A B Girling
A Gruppo (resigned 31 December 2021)
J R Hirst (resigned 28 February 2021)
A J King
C J Lay
P E Moody
D M A Samengo-Turner (appointed 23 December 2021)
B S N Sinniah (appointed 21 May 2021, resigned 31 December 2021)
R I White (resigned 31 December 2021)

The following directors were appointed after 31 December 2021:

R Harris (appointed 1 June 2022)
C R Read (appointed 1 April 2022)
D A Weymouth (appointed 1 April 2022)

FUTURE DEVELOPMENTS

The Company continues to be a market leader in the provision of risk management, insurance and reinsurance broking services in the United Kingdom and overseas. These activities are expected to continue and expand. Further information on the acquisition of trade and assets by the Company in 2022 can be found in the post balance sheet events section.

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. The statement can be found on the Company website (www.marsh.com/uk/modern-slavery-statement.html). The statement is reviewed by the Directors 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 & ENERGY EFFICIENT ACTION

The Company, as part of the MMC Group, recognises its obligations to be good stewards of the environment and continues to look at ways to minimise its carbon footprint and impact on the environment.

The approach to the environment and environmental reporting is managed at a Group level and is constantly under review. In 2021, the Group announced that it was a CarbonNeutral © certified business. Across many parts of our global businesses, including in the UK, there are initiatives underway that are focused on improving the efficiency of our operations as these relate to greenhouse gas emissions, energy consumption and the impact our business has on the environment. These initiatives include:

- Property optimisation - across a portfolio of approximately 700 locations, containing more than 12 million square feet globally, the Group is identifying ways to quantify and reduce its carbon footprint through green leasing and unique space solutions;
- Technology - six world class data centres are maintained by the Group and are home to more than 17,000 physical and virtual servers that host thousands of applications and systems, with a focus on energy efficiency. In addition, an End of Life Electronic Recycling Program is utilised by the Group, allowing an expansion of the Group’s recycling footprint;
- Corporate travel – the Group is focusing on opportunities to strengthen internal and external relationships while assessing the environmental considerations and options around corporate air travel and hotel accommodation; and
- Education – increasing awareness of environmentally friendly corporate travel options available.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION & ENERGY EFFICIENT ACTION (continued)

Carbon Trust update

All MMC Group UK operations have been part of an accredited carbon assessment scheme (operated by the Carbon Trust) since 2017. The recertification process is performed for the Trust’s reporting period 1 October to 30 September and in arrears of the Company’s financial reporting period. Additionally key performance indicators are for two year average periods to reduce spikes in results, mainly as a result of Covid-19 and political uncertainties.

The assessment for the Trust identified a 15.2% reduction in absolute emissions of UK operations for Marsh, Mercer and Guy Carpenter and placed the MMC UK operations in the 55th percentile within the sector and 20th percentile against all certifications. Performance change versus the previous certification reflects a combination of factors including the inclusion of estimated utility kWh consumption (natural gas and electricity) for landlord managed office space, the increased access to actual energy consumption information and the production of a more UK centred sustainability policy. Recertification covering 2021 is scheduled for 2023.

In 2020, Marsh’s Global Power & Energy Group launched the first integrated global renewable energy industry practice in insurance broking. Marsh is also helping clients measure and manage the risks to their assets and operations from hurricanes, floods and other natural perils in a changing climate.

The impact of the pandemic on business operations is still being felt, with reduced occupancy in our offices, and lower levels of international air travel especially, contributing to reduced consumption of energy and lower Greenhouse Gas ('GHG') emissions than would ordinarily be expected.

Streamlined Energy and Carbon Reporting

The Company is required to report on energy consumption and greenhouse gas emissions under the Streamlined Energy and Carbon Reporting regulations. These emissions consider the properties or parts of properties occupied by Group employees working on behalf of the Company. The Company does not directly employ colleagues or own or lease property. The information below sets out the Company’s emissions from gas, electricity and transport fuel, analysed by Scope 1, 2 and 3 emissions.

Methodology

The Group has taken guidance from the UK Governmental Reporting Guidelines, Greenhouse Gas Protocol reporting standard and UK Government Greenhouse Gas (GHG) Conversion Factors for calculating carbon emissions.

Utility energy consumption information (natural gas and electricity) has been obtained directly from the Group’s energy suppliers and half hourly automated meter reading (HH/AMR) data, where available for those suppliers with HH/AMR meters. Where data was not available for a full 12 months, an intensity metric estimation methodology (kilowatt hours (kWh) per square metre floor area) was used to calculate consumption for the full compliance period.

Fuel energy consumption (company-controlled vehicles) has been obtained from mileage information provided by Group travel management services and employee expenses and converted using fuel type and vehicle size information. Where fuel type or vehicle size information is not available, average vehicle size and unknown fuel type emission factors were used.

All GHG emission are represented as carbon dioxide equivalent (CO2e).

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION & ENERGY EFFICIENT ACTION (continued)

Methodology (continued)

An intensity ratio divides the total emissions by a normalising factor, in order to give comparable data between organisations and between periods. The Company has chosen as its intensity measurement Tonnes of CO2e (TCO2e) per employee working in the business.

Scope 1

Scope 1 emissions are direct emissions stemming from business operations, primarily emissions generated by on-site combustion and fleet vehicles. These emissions are related to activities owned or controlled by the Group which release emissions into the atmosphere, examples of Scope 1 emissions are combustion from owned or controlled boilers and company vehicles.

Natural Gas

Data reported in the financial statements for 2020 related only to the consumption for sites where gas is sourced by the Group rather than a third party landlord. This was due to the limited data available in respect of gas fired or electric heating for supplied sites. The Group's facilities team have now obtained additional data from third party landlords and are therefore able to provide a more complete view of gas usage across the UK portfolio; this results in a higher level of gas consumption being reported relative to that reported in 2020. The data comprises actual metered consumption for sites where the Group sources the supply, and estimates of consumption for the landlord supplied sites using an intensity metric of Kwh/m2 taken from the metered sites.

Company Vehicles & Fleet

The data for company vehicles captures the emissions from fuel consumed for business use in company cars, fleet and private cars where employees are reimbursed for business mileage.

	2021 (excluding offshore)	2020 (excluding offshore)	Variance (%)	Comment
Emissions from combustion of gas (Scope 1 - tonnes of CO2e)	585	550	6	See A below
Emissions from combustion of fuel for transport purposes (Scope 1 - tonnes of CO2e)	112	619	(82)	See B below

A - Lifting of Covid-19 restrictions and re-occupation of offices in the estate during 2021 has resulted in increased consumption. Estate rationalisation (reduced number of offices) has counteracted some of the increase as has seasonal heating demand variations.

B - Covid-19 travel restrictions and utilisation of information technology has resulted in alternatives to business related travel.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION & ENERGY EFFICIENT ACTION (continued)

Scope 2

Scope 2 emissions are indirect from electricity purchased by the Group and the Group’s landlords for use in our offices. These are emissions released into the atmosphere associated with consumption of purchased electricity, heat and cooling and are indirect emissions that are a consequence of the Group’s activities, but which occur at a source the Group does not own or control.

The Group has been focusing on Scope 2 emissions for a number of years and in 2012 set a Scope 2 emissions reduction goal to reduce electricity usage by 20% by 2017. This goal was achieved two years ahead of target in 2015.

Electricity

The Group continues to rationalise its property portfolio and look for ways to make more effective use of its office space. The rollout of the ’agile’ workplace program has continued throughout the year. The information collated from landlords about the source of electricity being supplied to our offices shows that our market based carbon emissions are lower than reported in the previous year.

The real-time consumption of electricity is metered in 13 of our UK buildings, with Day+1 data being used by the site operations teams to optimise the running of the building systems relative to occupancy. Building gas and electricity consumption data has been used to benchmark offices against a set of industry intensity measures and in doing so identify which offices are less efficient. This is helping inform conversations about capital investments.

The Location based metrics present the consumption of energy in Kwh into equivalent carbon emissions. Market based data follows the same conversion methodology but also accounts for the Company’s use of renewable energy, resulting in a lower emissions value.

	2021 Location Based	2020 Location Based	Variance (%)	Comment
Emissions from electricity purchased for own use, including for the purpose of transport (Scope 2 - tonnes of CO_2e)	3,369	4,025	(16)	See A below

	2021 Market Based	2020 Market Based	Variance (%)	Comment
Emissions from electricity purchased for own use, including for the purpose of transport (Scope 2 - tonnes of CO_2e)	787	972	(19)	See B below

A - An increase linked to lifting of Covid-19 restrictions and re-occupation of offices has been counteracted by estate rationalisation and general improvements in efficiency controls.

B - Assessment of electricity procurement criteria (MMC and landlord controlled) has identified further Renewable Energy Guarantees of Origin (REGO) certified renewable electricity tariffs across the office estate.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION & ENERGY EFFICIENT ACTION (continued)

Scope 3

Emissions include indirect emissions from sources not owned or controlled by the Company, but which have an indirect impact on our value chain. The Scope 3 emissions for the Company include our colleagues' commercial air travel, rail travel and business travel in personal vehicles.

Transport

Scope 3 emissions for the Group's UK based businesses amounted to approximately 65% of total emissions in 2019 (pre Covid-19 restrictions). Given the reduction in international travel over the last 2 years the extent of the Company's travel related emissions also reduced significantly.

	2021	2020	Variance (%)	Comment
Emissions from business travel by air, rail and in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO_2e)	570	3,107	(82)	See A below

A - As travel restrictions are lifted around the world there is some return to business travel; however the Group continues to invest in technology and tools to support remote working and the use of online meetings where practicable, resulting in a lower level of emissions in 2021.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION & ENERGY EFFICIENT ACTION (continued)

Total emissions - Scope summary

	2021	**2021**	2020	2020
	(Tonnes of CO2e)	**(Tonnes of CO2e)**	(Tonnes of CO2e)	(Tonnes of CO2e)
	Location Based	**Market Based**	Location Based	Market Based
Scope 1 – Direct	697	697	1,169	1,169
Scope 2 – Indirect	3,369	787	4,025	972
	4,066	**1,484**	**5,194**	**2,141**
Scope 3 - Indirect	570	570	3,107	3,107
Total	**4,636**	**2,054**	**8,301**	**5,248**

	2021	**2021**	2020	2020
	(Tonnes of CO2e) Location based	**(Tonnes of CO2e) Market based**	(Tonnes of CO2e) Location based	(Tonnes of CO2e) Market based
Total TCO2e on Scopes 1 & 2 above	**4,066**	**1,484**	5,194	2,141
	Electricity (Kwh)	**Gas (Kwh)**	Electricity (Kwh)	Gas (Kwh)
Energy consumption used to calculate emissions (Kwh)	15,864,985	3,193,930	17,262,477	2,992,869
	Total	**19,058,915**	**Total**	**20,255,346**
Intensity measurement (TCO2e per employee)	**0.58**	**0.21**	0.74	0.31
Headcount as at 31 December		7,050		6,992

Note
The Company’s UK facilities are largely operated on a shared basis with the other operating companies within the Group. The portfolio is predominantly leased and is managed centrally. The supply of gas and electricity for a property can either be sourced by the Company or the supply managed via a building landlord. In 2021, UK landlords were contacted to confirm whether supplies of electricity were from renewable or non-renewable sources. This additional data has allowed Location versus Market based emissions data reported for 2020 to be updated. Additionally, some adjustments have been made to cater for meter readings received post 2020 reporting.

POST BALANCE SHEET EVENTS

In April 2021, Marsh Services Limited and Guy Carpenter and Company Limited (both as fellow subsidiary companies and, the latter, in its capacity as appointed representative of Marsh Limited) initiated legal proceeding against Howden Limited in relation to a group of employees employed by Marsh Services Limited who left to join Howden Limited. In February 2022, Guy Carpenter and Company Limited and Marsh Services Limited reached a confidential settlement of the legal action.

On 1 April 2022, as part of the broader MMC Group legal entity optimisation project, the Company purchased the trade and assets of a subsidiary undertaking, Jelf Insurance Brokers Limited and an indirect subsidiary undertaking, Hamilton Bond Limited.

The Company declared a dividend to its parent company of £100 million after the Statement of Financial Position date.

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.

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 and signed on its behalf by:

Claire Valentine

C M Valentine
Secretary

Date: 6 July 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Marsh Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its 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 32.

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.

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

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pension legislation, tax legislation and the regulations of the Financial Conduct Authority ('FCA'); 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. This includes the Company's regulatory permissions and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

1) The significant risk of errors and omissions ('E&O') in the ordinary course of business in respect of E&O legal claims. In response to this risk we performed the following;

o Evaluated the design and implementation and the operating effectiveness of the company's internal controls in relation to the valuation of E&O liabilities;
o Held discussions with the UK Legal Counsel and inspected correspondence held on file;
o Challenged management's calculations of the reserves at 31 December 2021;
o Selected a sample of the claims information maintained by the company's legal staff relating to potential and known E&Os cases and increased the extent of our sample to cover a larger volume of the population auditing the value of E&O liabilities;
o Selected a sample of new low value or nil value claims; and
o Obtained the latest E&O listing at 31 March 2022 to ensure that no significant changes occurred to the E&O cases as at 31 December 2021.

2) The significant risk of fraud in revenue recognition, specifically pertaining to revenue being recorded in the incorrect period, where management is incentivised to meet certain targets and therefore may inappropriately accrue revenue at the year end. In response to this risk we performed the following:

o Evaluated the design and implementation and the operating effectiveness of the company's internal controls around revenue recognition, with focus on revenue accrual and the cut-off risk;
o Selected a sample of revenue transactions that were accrued as at 31 December 2021;
o Selected a sample of revenue transactions from 15 December to 15 January to ascertain recognition on the correct accounting period; and
o Challenged managements conclusion on the appropriateness of recognising revenue and the amount recognised by independently drawing our own conclusions from third party documentation.

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 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 Board meetings charged with governance; reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

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

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

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

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

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

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.

Paul R. Stephenson

Paul Stephenson BA, FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London
United Kingdom

Date: 8 July 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Continuing operations 2021 £M	Discontinued operations 2021 £M	Total 2021 £M	*Continuing operations 2020 £M*	*Discontinued operations 2020 £M*	*Total 2020 £M*
Turnover	4	**1,194**	**-**	**1,194**	*1,101*	*104*	*1,205*
Gross profit		**1,194**	**-**	**1,194**	*1,101*	**104**	*1,205*
Administrative expenses		**(1,067)**	**-**	**(1,067)**	*(885)*	*(78)*	*(963)*
Other operating income	5	**8**	**-**	**8**	*1*	*-*	*1*
Other operating charges	6	**-**	**-**	**-**	*(9)*	*-*	*(9)*
Operating profit	7	**135**	**-**	**135**	*208*	**26**	*234*
Income from participating interests	10	**26**	**-**	**26**	*142*	*-*	*142*
Income from fixed assets investments	11	**251**	**-**	**251**	*1,361*	*-*	*1,361*
Amounts written off investments	18	**(156)**	**-**	**(156)**	*(1,621)*	*-*	*(1,621)*
Interest receivable and similar income	12	**2**	**-**	**2**	*3*	*-*	*3*
Other finance income	13	**2**	**-**	**2**	*1*	*-*	*1*
Profit before tax		**260**	**-**	**260**	*94*	**26**	*120*
Tax on profit	14	**(44)**	**-**	**(44)**	*(58)*	*(5)*	*(63)*
Profit for the financial year		**216**	**-**	**216**	*36*	**21**	*57*

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 33 to 62 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £M		2020 £M
Fixed assets					
Intangible fixed assets	16		**966**		*1,059*
Tangible assets	17		**-**		*1*
Investments	18		**726**		*855*
			1,692		*1,915*
Current assets					
Debtors: amounts falling due after more than one year	19	**5**		*4*	
Debtors: amounts falling due within one year	19	**490**		*540*	
Bank and cash balances	21	**2,954**		*3,010*	
		3,449		*3,554*	
Creditors: amounts falling due within one year	22	**(3,203)**		*(2,596)*	
Net current assets			**246**		*958*
Total assets less current liabilities			**1,938**		*2,873*
Provisions for liabilities					
Provisions	25	**(19)**		*(29)*	
			(19)		*(29)*
Net assets			**1,919**		*2,844*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £M	2020 £M
Capital and reserves			
Called up share capital	26	**255**	*255*
Share premium account	27	**35**	*35*
Other reserves	27	**10**	*10*
Profit and loss account	27	**1,619**	*2,544*
		1,919	*2,844*

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

Mark Chessher

M C Chessher
Director
Date: 6 July 2022

The notes on pages 33 to 62 form part of these financial statements.

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£M	£M	£M	£M	£M
At 1 January 2021	255	35	10	2,544	2,844
Comprehensive income for the year					
Profit for the year	-	-	-	216	216
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	216	216
Dividends: Equity capital	-	-	-	(1,141)	(1,141)
Share buyback (note 26)	-	-	-	-	-
Total transactions with owners	-	-	-	(1,141)	(1,141)
At 31 December 2021	255	35	10	1,619	1,919

The notes on pages 33 to 62 form part of these financial statements.

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£M	£M	£M	£M	£M
At 1 January 2020	**255**	**2,313**	**10**	**492**	**3,070**
Comprehensive income for the year					
Profit for the year	-	-	-	57	57
Gain on transfer of shares	-	-	-	2,278	2,278
Other comprehensive income for the year	-	-	-	2,278	2,278
Total comprehensive income for the year	-	-	-	2,335	2,335
Dividends: Equity capital	-	-	-	(283)	(283)
Shares redeemed during the year	-	(2,278)	-	-	(2,278)
Total transactions with owners	-	(2,278)	-	(283)	(2,561)
At 31 December 2020	**255**	**35**	**10**	**2,544**	**2,844**

The notes on pages 33 to 62 form part of these financial statements.

1. GENERAL INFORMATION

Marsh 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 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 14.

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 judgment 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.

Where applicable, this information is included in the consolidated financial statements of Marsh & McLennan Companies, Inc. as at 31 December 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 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 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 conflict in Eastern Europe, and the directors are satisfied that the Company's services will continue to be attractive to clients. This monitoring and analysis considered our business resilience and continuity plans and stress testing of liquidity and financial resources. The analysis modelled the financial impact using scenarios assuming both an increase and decrease in revenue for a 12 month period so the potential impact on profitability and liquidity could be assessed.

Having assessed the responses to their enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern.

The directors acknowledge the latest guidance on going concern. After assessing the outcome of scenarios modelled and with consideration of the Company's strong balance sheet and cash position, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months from the date of the approval of the financial statements and, therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

2.5 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the 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)

2.6 REVENUE RECOGNITION

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

Turnover 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 turnover 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.

Client Service Revenue

Client Service Revenue includes insurance commissions, fees for services rendered and certain commissions receivable from insurance carriers.

Investment income

Investment income from fiduciary and corporate balances is recognised on an accruals basis using the effective interest rate method.

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.

2.8 INTEREST INCOME

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

2. ACCOUNTING POLICIES (CONTINUED)

2.9 INSURANCE BROKING ASSETS AND LIABILITIES

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions.

In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company. Other than the receivable for revenue not yet received for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs.

In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the Statement of Financial Position as part of trade receivables.

Acting as agent, Marsh Limited does not meet the definition of a financial institution under FRS 102 and accordingly has taken relief from providing additional disclosure in accordance with FRS 102.34.17-33.

2.10 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.

2.11 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

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated 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	-	On a straight line basis over 3 to 5 years
Client book of business	-	In line with underlying cash flows over 4 - 15 years

Software 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.13 TANGIBLE FIXED ASSETS (continued)

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:

Fixtures and fittings	- 10 - 20% per annum
Office equipment	- 10 - 20% per annum

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

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

2.14 CONTRACTUAL OUTSOURCED ARRANGEMENTS

Where the outcome of a long term outsourcing contract can be estimated reliably, the costs are recognised by reference to the stage of completion. This is measured by the proportion of outsourcing contract costs incurred to date relative to the estimated total outsourcing contract costs.

Outsourcing contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that the total outsourcing contract costs will exceed estimated total outsourcing contract costs, the expected overrun of costs is recognised immediately.

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.

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 AND GOODWILL

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 pre-tax 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 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.

2.20 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.

2.21 POST PLACEMENT SERVICE PROVISIONS

An estimate is made of the future liabilities that arise in the current year and previous years from the placement of insurance policies. The provision is determined considering the time taken to provide the post placement services, the number of claims that are to be processed and the costs of processing claims.

2.22 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 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:

2. ACCOUNTING POLICIES (CONTINUED)

2.22 FINANCIAL INSTRUMENTS (continued)

- 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.

2.23 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 with, or consideration of, various stakeholders, including the management of the Company's ultimate parent company, Marsh & McLennan Companies, Inc.. The amount and timing of a dividend is influenced by factors such as:

- the Company's working capital requirements to sustain its business plans;
- the Company's Regulatory Capital requirements;
- consideration of future employer contributions required for the closed defined benefit pension plan, should the fund be in deficit;
- the Company's future capital investment needs; and
- the Company's excess financial resources.

Equity dividends are recognised when they become legally payable.

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

In the application of the Company's accounting policies, which are described above, 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The directors do not consider any judgements critical, other than those involving estimations that are dealt with separately below, which have been made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill
The Company establishes a reliable estimate of the useful life of goodwill arising on trade and business acquisitions. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses (note 16).

Impairment review of fixed asset investments
The Company has an annual process of reviewing its fixed asset investments for indicators of impairment. Areas of critical judgement include estimates of future discount rates, future earnings and consideration of whether there is a willing buyer in the market for these investments.

Impairment and impairment reversals are measured by comparing the carrying value of the asset with its future discounted cash flow. Any impairment that has subsequently been reversed is capped to its historical acquisition cost (note 18).

Errors and omissions
The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company’s insurance broking business. Provisions have been made only in respect of claims attributable to events which have occurred, and been notified to the Company, by the reporting date. The provision for errors and omissions claims is based on a current estimate of the total claims as advised by the Company’s legal team (note 25).

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2021 £M	2020 £M
Client service revenue	**1,191**	*1,192*
Bank interest receivable	**3**	*13*
	1,194	*1,205*

Analysis of turnover by country of destination:

	2021 £M	2020 £M
United Kingdom	**642**	*563*
North America	**215**	*258*
Rest of the world	**337**	*384*
	1,194	*1,205*

5. OTHER OPERATING INCOME

	2021 £M	2020 £M
Other income from broking activities	**1**	*1*
Foreign exchange gains on operating activities	**7**	*-*
	8	*1*

6. OTHER OPERATING CHARGES

	2021 £M	2020 £M
Foreign exchange losses on operating activities	**-**	*9*
	-	*9*

7. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £M	*2020 £M*
Amortisation of intangible assets, including goodwill	**94**	*79*
Exchange differences	**(7)**	*9*

The audit fee attributable to the Company is £1.3 million (2020: £1.3 million). In addition to the statutory audit, the auditor also provided an assurance report on the Company's client assets; the fee for the Company is £0.2 million (2020: £0.1 million).

8. STAFF COSTS

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

	2021 £M	*2020 £M*
Wages and salaries	**483**	*440*
Social security costs	**66**	*58*
Cost of defined contribution scheme	**28**	*24*
	577	*522*

The Company does not employ staff. Members of staff carrying out work on behalf of the Company are employed and paid by a fellow Group company, Marsh Services Limited. This includes the directors of the Company. 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 which is accounted for in Marsh Services Limited.

Marsh Services Limited operates a pension scheme ('the Fund') in the United Kingdom 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.

Marsh Services Limited is the participating employer in the MMC UK group's pension scheme, and therefore makes contributions to the fund and bears the pension liabilities. The FRS 102 Section 28 disclosures for the defined contribution section can be found within the financial statements of Marsh Services Limited. At 31 December 2021, Marsh Services Limited disclosed in its financial statements that the pension scheme valuation is an asset of £938 million (31 December 2020: asset £668 million) using an FRS 102 valuation basis. Further detail can be found in the financial statements of Marsh Services Limited.

9. DIRECTORS' REMUNERATION

	2021 **£M**	*2020* *£M*
Directors' emoluments	**11**	*13*
	11	*13*

During the year there were no retirement benefits accruing to directors *(2020 - 4)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2 million *(2020 - £2 million)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL *(2020 - £NIL)*.

The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL *(2020 - £NIL)*.

During the year NIL directors received shares under the long term incentive schemes (*2020 -NIL*)

The emoluments shown above reflect the total emoluments received by the directors for services relating to the Company and other companies in the MMC Group during the year under review. The directors’ emoluments disclosed above are not allocated to a Group company in receipt of an individual’s specific service. Emoluments are paid by the directors’ employing company within the Group which is Marsh Services Limited. The remuneration costs from Marsh Services Limited are subsequently recharged to the Company.

10. INCOME FROM PARTICIPATING INTERESTS

	2021 **£M**	*2020* *£M*
Proceeds on sale of business	**26**	*142*
	26	*142*

On 28 February 2021, the Company sold its network business to Jelf Insurance Brokers Limited, a direct subsidiary undertaking for an overall profit of £26 million.

On 1 October 2020, the Company transferred the business of European Economic Area (EEA) clients from the Company to the UK branches of other subsidiary companies registered in the Republic of Ireland, Germany and Belgium for an overall profit of £141 million. In addition, in September 2020 the Company sold a client service team business to another group company for a profit of £1 million.

11. INCOME FROM FIXED ASSET INVESTMENTS

	2021 £M	*2020 £M*
Dividends received from unlisted investments	**251**	*1,361*
	251	*1,361*

In 2021, a review of capital was conducted by certain UK subsidiaries of the Company, any surplus capital was returned to the Company by way of a dividend.

In 2020, two indirect subsidiaries of the Company sold their trade and assets to the Company. These subsidiaries subsequently declared dividends to their immediate parent, JLT Insurance Group Holdings Limited, (a subsidiary of Marsh Limited). Following receipt of dividends from its subsidiaries, JLT Insurance Group Holdings Limited declared dividends to Marsh Limited.

12. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £M	*2020 £M*
Other interest receivable	**2**	*3*
	2	*3*

13. OTHER FINANCE INCOME

	2021 £M	*2020 £M*
Other finance income	**2**	*1*
	2	*1*

During 2021, the Company received the final settlement in respect of a deferred consideration asset resulting in an overall gain of £2 million. The gain of £1 million recognised in 2020 related to a review in recoverability of a deferred consideration asset.

14. TAXATION

	2021 £M	2020 £M
CORPORATION TAX		
Current tax on profits for the year	**44**	*62*
	44	*62*
FOREIGN TAX		
Foreign tax on income for the year	**1**	*2*
	1	*2*
TOTAL CURRENT TAX	**45**	*64*
DEFERRED TAX		
Origination and reversal of timing differences	**-**	*(1)*
Changes to tax rates	**(1)**	*-*
TOTAL DEFERRED TAX	**(1)**	*(1)*
TAX ON PROFIT	**44**	*63*

14. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19.0% *(2020 - 19.0%)*. The differences are explained below:

	2021 £M	*2020 £M*
Profit before tax	**260**	*120*
Profit multiplied by standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%)	**49**	*23*
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	**30**	*308*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**18**	*16*
Non-taxable income	**(5)**	*(27)*
Dividends from UK companies	**(48)**	*(259)*
Foreign tax	**1**	*2*
Changes to tax rates	**(1)**	*-*
TOTAL TAX CHARGE FOR THE YEAR	**44**	*63*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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

15. DIVIDENDS

	2021 £M	*2020 £M*
Interim dividends for the year	**1,141**	*283*
	1,141	*283*

During 2021, following a review of its capital requirements, the Company paid £1,141 million in dividends to its parent company, MMC UK Group Limited.

16. INTANGIBLE ASSETS

	Client book of business £M	Computer software £M	Goodwill £M	Total £M
Cost				
At 1 January 2021	**29**	**26**	**1,672**	**1,727**
Additions - internal	**-**	**2**	**-**	**2**
Disposals	**-**	**(1)**	**(1)**	**(2)**
At 31 December 2021	**29**	**27**	**1,671**	**1,727**
Amortisation				
At 1 January 2021	**14**	**14**	**639**	**667**
Charge for the year on owned assets	**3**	**2**	**89**	**94**
At 31 December 2021	**17**	**16**	**728**	**761**
Net book value				
At 31 December 2021	**12**	**11**	**943**	**966**
At 31 December 2020	*15*	*12*	*1,032*	*1,059*

During the year, the Company sold its network business to Jelf Insurance Brokers Limited, a direct subsidiary undertaking, resulting in £1 million of goodwill being written off.

Amortisation is charged to the Statement of Comprehensive Income and resides within administrative expenses. Goodwill is amortised over the useful economic life of each acquisition, which ranges between 10 and 20 years.

Management performed an annual impairment test of the Company's goodwill and concluded that no impairment charge was appropriate.

17. TANGIBLE FIXED ASSETS

	Fixtures and fittings £M	Office equipment £M	Total £M
Cost or valuation			
At 1 January 2021	**1**	**22**	**23**
Disposals	**-**	**(1)**	**(1)**
At 31 December 2021	**1**	**21**	**22**
Depreciation			
At 1 January 2021	**1**	**21**	**22**
At 31 December 2021	**1**	**21**	**22**
Net book value			
At 31 December 2021	**-**	**-**	**-**
At 31 December 2020	*-*	*1*	*1*

18. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £M
Cost or valuation	
At 1 January 2021	**2,516**
Additions	**27**
At 31 December 2021	**2,543**
Impairment	
At 1 January 2021	**1,661**
Charge for the period	**156**
At 31 December 2021	**1,817**
Net book value	
At 31 December 2021	**726**
At 31 December 2020	*855*

On 28 February 2021, the Company sold its network business to Jelf Insurance Brokers Limited, a direct subsidiary undertaking. This was in exchange for 1,000 ordinary shares in Jelf Insurance Brokers Limited, increasing the Company's existing investment.

Following the declaration of dividends and an annual impairment test performed by management, the value of two of the Company's direct subsidiaries, JLT Insurance Group Holdings Limited and Jelf Insurance Brokers Limited, was reduced below the carrying value of the investments held. As a result the Company has recognised an impairment charge for these investments.

18. FIXED ASSET INVESTMENTS (CONTINUED)

Details of the Company's subsidiary undertakings at 31 December 2021 are shown below:

Name	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
Bluefin Insurance Services Limited	United Kingdom	Ordinary	100	1 Tower Place West, London, EC3R 5BU
Central Insurance Services Limited	United Kingdom	Ordinary	100	Crown House, Prospect Road, Arnhall Business Park, Aberdeenshire AB32 6FE
Clark Thomson Insurance Brokers Limited	United Kingdom	Ordinary	100	Lochside House, 7 Lochside Avenue, Edinburgh, EH12 9DJ
Guy Carpenter & Company Gmbh	Germany	Ordinary	41	Muellerstrasse 3, 80469 Munich, Germany
Guy Carpenter & Company Limited*	United Kingdom	Ordinary	100	1 Tower Place West, London, EC3R 5BU
Hamilton Bond Limited	United Kingdom	Ordinary	100	1 Tower Place West, London, EC3R 5BU
Hayward Aviation Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
Jelf Commercial Finance Limited	United Kingdom	Ordinary	100	1 Tower Place West, London, EC3R 5BU
Jelf Insurance Brokers Limited*	United Kingdom	Ordinary	100	1 Tower Place West, London, EC3R 5BU
Jelf Risk Management Limited	United Kingdom	Ordinary	100	1 Tower Place West, London, EC3R 5BU
JLT Advisory Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
JLT Insurance Group Holdings Limited*	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW

Name	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
JLT Re Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
JLT Reinsurance Brokers Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
JLT Specialty Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
Marine, Aviation & General (London) Limited	United Kingdom	Ordinary	25	1 Minister Court, Mincing Lane, London, EC3R 7AA
Marsh & McLennan Companies BVBA/SPRL	Belgium	Nominative	99	Avenue Herrmann-Debroux, 2, B-1160 Brussels
MMC Securities Limited (formerly MMC Securities (Europe) Limited*	United Kingdom	Ordinary	100	1 Tower Place West, London, EC3R 5BU
Mountlodge Limited	United Kingdom	Ordinary	100	Lochside House, 7 Lochside Avenue, Edinburgh, EH12 9DJ
SME Insurance Services Limited	United Kingdom	Ordinary	100	1 Tower Place West, London, EC3R 5BU

* Subsidiary is directly owned by the Company.
During 2021, two indirect subsidiaries of the Company, BBPS Limited and The Purple Partnership Limited, were sold to a third party. Also in 2021, as part of the Group's legal entity optimisation project, the following indirect subsidiaries of the Company were dissolved:

- Beaumonts Insurance Services Limited
- Cronin & Co Insurance Services Limited
- Jelf Wellbeing Limited
- Lloyd & Partners Limited

In the opinion of the directors the value of the investment in the Company's subsidiaries is not less than the amount at which it is included in the Statement of Financial Position.

19. DEBTORS

	2021 £M	2020 £M
DUE AFTER MORE THAN ONE YEAR		
Deferred tax	**5**	*4*
	5	*4*

	2021 £M	2020 £M
DUE WITHIN ONE YEAR		
Trade debtors	**248**	*255*
Amounts owed by group undertakings	**91**	*76*
Amounts recoverable from captive insurer in respect of errors and omissions claims reserved	**17**	*29*
Other debtors	**8**	*57*
Prepayments and accrued income	**126**	*118*
Amounts recoverable from group undertakings - tax	**-**	*5*
	490	*540*

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

20. INSURANCE DEBTORS

	2021 £M	2020 £M
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Third party trade debtors	**2,301**	*1,942*
Amounts owed by group undertakings	**930**	*723*
	3,231	*2,665*
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Third party trade debtors	**95**	*94*
	95	*94*

Insurance debtors of £3,326 million and insurance creditors of £5,949 million are presented in the balance sheet at 31 December 2021 as a net payable of £2,623 million included within trade creditors (Note 22).

21. BANK AND CASH BALANCES

	2021 £M	*2020 £M*
Fiduciary cash held under a non-statutory fiduciary trust	**2,623**	*1,907*
Cash at bank and in hand	**262**	*1,053*
Corporate cash - Restricted funds	**69**	*50*
	2,954	*3,010*

Within the corporate cash restricted funds balance, there is an amount held of £69 million, which represents funds required to be held outside of the corporate cash pooling arrangements, as agreed with the Financial Conduct Authority.

Therefore, this amount is not subject to the potential exposure explained at note 29 (c) with regard to the Company's corporate cash pooling arrangements.

22. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £M	*2020 £M*
Trade creditors	**2,625**	*1,915*
Amounts owed to group undertakings	**224**	*324*
Corporation tax	**44**	*-*
Amounts owed to group undertakings for tax	**65**	*145*
Other creditors	**1**	*9*
Accruals and deferred income	**244**	*203*
	3,203	*2,596*

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

23. INSURANCE CREDITORS

	2021 £M	2020 £M
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Third party trade creditors	**5,270**	*4,216*
Amounts owed to group undertakings	**590**	*361*
	5,860	*4,577*
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Third party trade creditors	**89**	*89*

24. DEFERRED TAXATION

	2021 £M	2020 £M
At beginning of year	**4**	*3*
Credited to profit or loss	**1**	*-*
Arising on business combinations	**-**	*1*
At end of year	**5**	*4*

The deferred tax asset is made up as follows:

	2021 £M	2020 £M
Accelerated capital allowances	**5**	*3*
Short term timing difference	**-**	*1*
	5	*4*

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

Deferred tax timing differences have been provided for at the enacted or substantively enacted tax rate at the statement of financial position date.

There are no unrecognised deferred tax balances.

25. PROVISIONS

	Errors and Omissions and other claims £M
At January 2021	**29**
Additional provision made	**10**
Paid in year	**(20)**
	19

Errors and omissions and other claims

The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company’s insurance broking business. Provisions have been made only in respect of claims attributable to events which have occurred, and been notified to the Company, by the reporting date. Each case is reviewed independently and represents Managements best estimate of the Company's liability.

The provision is shown gross of any monies recoverable under the group’s insurance policies which are included within debtors.

26. CALLED UP SHARE CAPITAL

	2021 £M	*2020 £M*
Allotted, called up and fully paid		
255,201,534 *(2020 - 255,202,535)* Ordinary shares of £1.00 each	**255**	*255*

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

In 2021, in order to simplify the share capital structure of Marsh Limited, the Company completed a share buyback transaction. 1,000 ordinary shares were bought back from the Company's immediate parent company, MMC UK Group Limited. The nominal value of the shares of £1,000 has been credited to the capital redemption reserve.

27. RESERVES

Share premium account

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

Other reserves

In 2021, 1,000 ordinary shares were bought back from the Company's immediate parent company, MMC UK Group Limited. The nominal value of the shares of £1,000 has been credited to the capital redemption reserve.

In 2017, the Company made a gain of £10.2 million on the sale of a subsidiary to another direct subsidiary at fair market value. As the consideration received was shares in a direct subsidiary undertaking, this has been treated as a non-distributable reserve.

Profit and loss account

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

28. DISCONTINUED OPERATIONS

During the prior year, the Company transferred the business of its European Economic Area (EEA) clients from the Company to UK branches of other subsidiary companies registered in the Republic of Ireland, Germany and Belgium.

In exchange for the business transferred, the Company received shares in Guy Carpenter & Company GMBH and Marsh NV/SA amounting to £214 million, the remainder of the consideration was settled in cash.

		2020 £M
Consideration		274
		274
NET ASSETS DISPOSED OF:		
Intangible fixed assets	(132)	
		(132)
PROFIT ON DISPOSAL BEFORE TAX		142

The net inflow of cash in respect of the sale of EEA Clients is as follows:

	2020 £M
Cash consideration	58
NET INFLOW OF CASH	58

29. CONTINGENT ASSETS AND LIABILITIES

Contingent asset

In April 2021, Marsh Services Limited and Guy Carpenter and Company Limited (both as fellow subsidiary companies and, the latter, in its capacity as appointed representative of Marsh Limited) initiated legal proceeding against Howden Limited in relation to a group of employees employed by Marsh Services Limited who left to join Howden Limited. In February 2022, Guy Carpenter and Company Limited and Marsh Services Limited reached a confidential settlement of the legal action.

Contingent liabilities

a. A guarantee has been given to Citibank N.A., by the Company in order to access the London Market Letter of Credit Scheme. The maximum exposure to the Company is the amount held in the Letter of Credit bank accounts at any point in time. As at 31 December 2021, the Company held a total amount of £1.5 million (2020: £1.0 million) in relation to these bank accounts.

b. The Company and subsidiaries of the Company continue to be subject to claims and lawsuits that arise in the ordinary course of business in connection with the placement of insurance and reinsurance, most of which are covered by professional indemnity insurance. Some of these claims and lawsuits seek damages including punitive damages in amounts which could, if assessed, be significant. The Company has established a provision in respect of insurance deductibles which reflects latest legal advice.

c. The Company participates in cash pooling agreements with banks. Each member of the pool indemnifies against all losses incurred as a result of the failure of any other pool member, limited to any net cash balance held in the pool. As at 31 December 2021, the Company had a total balance of £261 million (2020: £1,053 million) in the pool. The other members of the pooling arrangements are companies fully owned by Marsh & McLennan Companies, Inc.

d. The Company has extended an indemnity to J.P. Morgan Chase Bank to enable Marsh Treasury Services Limited to make payments on the J.P. Morgan Chase Multibank Payments Service on behalf of Marsh Employee Benefits Limited. This has been counter guaranteed by Marsh & McLennan Companies, Inc.

e. In connection with its acquisition of U.K.-based Sedgwick Group in 1998, the Company acquired several insurance underwriting businesses that were already in run-off, including River Thames Insurance Company Limited ("River Thames"), which the Company sold in 2001. Sedgwick guaranteed payment of claims on certain policies underwritten through the Institute of London Underwriters (the "ILU") by River Thames. The policies covered by this guarantee were reinsured up to £40 million by a related party of River Thames. Payment of claims under the reinsurance agreement is collateralised by segregated assets held in a trust. As of 31 December 2021, the reinsurance coverage exceeded the best estimate of the projected liability of the policies covered by the guarantee. To the extent River Thames or the reinsurer is unable to meet its obligations under those policies, a claimant may seek to recover from the Company under the guarantee.

29. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

f. The Company has provided a guarantee to MMC UK Pension Fund Trustee Limited ('Trustee'), as trustee of the MMC UK Pension Fund ('Fund') to ensure punctual performance by Marsh Services Limited ('MSL') of all its payments to the Fund. Failing that, the Company will pay the Trustee any amounts due by MSL and indemnify the Trustee against any related costs, losses or liabilities suffered if any amounts are unrecoverable.

Further details of the pension fund are disclosed in the financial statements of Marsh Services Limited.

Marsh Services Limited has agreed to make deficit contributions to the JLT section and contingent future deficit contributions to other sections of the Fund, subject to an annual assessment using financial assumptions agreed with the Trustee.

Depending on future experience development, contingent deficit contributions of up to £581.0 million are covered by the guarantee payable over a seven year period.

Summarised below is the Marsh Services Limited pension fund valuation under FRS 102 as at 31 December:

	2021 **£M**	*2020* *£M*
Present value of funded obligation	**(4,914)**	*(5,240)*
Fair value of plan assets	**5,869**	*5,929*
	955	*689*
Present value of unfunded obligations	**(17)**	*(21)*

30. 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.

31. POST BALANCE SHEET EVENTS

In April 2021, Marsh Services Limited and Guy Carpenter and Company Limited (both as fellow subsidiary companies and, the latter, in its capacity as appointed representative of Marsh Limited) initiated legal proceeding against Howden Limited in relation to a group of employees employed by Marsh Services Limited who left to join Howden Limited. In February 2022, Guy Carpenter and Company Limited and Marsh Services Limited reached a confidential settlement of the legal action.

On 1 April 2022, as part of the broader MMC Group legal entity optimisation project, the Company purchased the trade and assets of a subsidiary undertaking, Jelf Insurance Brokers Limited and an indirect subsidiary undertaking, Hamilton Bond Limited.

The Company declared a dividend to its parent company of £100 million after the Statement of Financial Position date.

32. IMMEDIATE AND ULTIMATE PARENT COMPANIES

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, United States of America.

The smallest and largest group in which the results of Marsh Limited 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
MMC Treasury Holdings (UK) Limited
1 Tower Place West
Tower Place
London
EC3R 5BU