Registered number: 01507274

MARSH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

MARSH LIMITED

COMPANY INFORMATION

DIRECTORS	J V Barker P A Barton (resigned 29 March 2019) J Boyce (appointed 28 November 2019) M C Chessher T Colraine J Flahive (appointed 27 February 2019) A S Fraser-Hawkins (appointed 25 February 2019) A B Girling (appointed 13 June 2019) J C Grogan (resigned 7 February 2019) A Gruppo (appointed 3 June 2019) J R Hirst A J King C J Lay P E Moody (appointed 4 February 2019) J H Nash R I White
COMPANY SECRETARY	C M Valentine
REGISTERED NUMBER	01507274
REGISTERED OFFICE	1 Tower Place West, Tower Place, London, EC3R 5BU

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

INTRODUCTION

The directors present their Strategic Report for Marsh Limited (“the Company") for the year ended 31 December 2019. 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 its two principal businesses, Marsh and Guy Carpenter, and receives revenue for services to insurance carriers.

On 1 April 2019, Marsh & McLennan Companies, Inc. (“MMC”), the Company´s ultimate parent, completed the purchase of Jardine Lloyd Thompson Group plc. (“JLT”). Subsequently, on 2 December 2019, the Company acquired JLT Insurance Group Holdings Limited and its subsidiaries from the MMC acquiring entity (MMC Treasury Holdings Limited).

On 1 January 2019, the Company sold its branch in the Republic of Ireland to Marsh Ireland Brokers Limited, a company incorporated in the Republic of Ireland.

As the Company finalised the audited financial statements the unprecedented Covid 19 crisis was evolving and bringing a number of challenges to the Company's working environment and the global economy. Further information on this non adjusting post balance sheet event can be found in note 30.

The Company is regulated by the Financial Conduct Authority.

KEY FINANCIAL PERFORMANCE INDICATORS

	2019 **£M**	*2018* *£M*	Movement £M	Movement %
Turnover	951	*918*	33	3.6
Investment income	28	*16*	12	75.0
Administration expenses	(700)	*(661)*	(39)	(5.9)
Income from other participating interests	19	*1*	18	1,800.0
Income from fixed assets investments	9	*25*	(16)	(64.0)
Amounts written off Investments	(40)	-	(40)	(100.0)
Profit before tax	281	*289*	(8)	(2.8)
Shareholders' funds	3,070	*1,474*	1,596	108.3

The Company’s profit before tax for the year of £281 million decreased by £8 million compared to 2018.

Turnover increased by £33 million (3.6%) to £951 million in 2019. Most of the Company's revenue is generated in currencies other than Sterling, the majority of which is earned in US Dollars.

Investment income increased by £12 million in 2019 due to an increase in the amount of invested funds held and a higher return on those investments.

Administrative expenses increased by £39 million on the prior year (5.9%) to £700 million mainly due to an increase in staff costs.

Income from other participating interests increased by £18 million due to the sale of the Irish Branch to a fellow group company at fair market value.

Following the annual impairment review of investments a £40 million impairment has been provided against the carrying value of the investments.

KEY FINANCIAL PERFORMANCE INDICATORS (CONTINUED)

Shareholders' funds increased by £1,596 million on the prior year to £3,070 million. £1,631 million being 1,000 shares issued during the year in exchange for the shares of JLT Insurance Group Holdings Limited which had a fair market value of £1,631 million. The Company made a profit after tax of £189 million and paid dividends of £224 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 serves as the framework to demonstrate how Directors have had regard for the matters set out in section 172(1) (a) to (f) of the Act when performing their duties, including how Directors have engaged with and considered the interests of stakeholders including UK employees, suppliers, customers and those in a principal business relationship with the Company. Reporting against the Wates Principles is included in the Corporate Governance Statement below.

Corporate Governance Statement

For the year ended 31 December 2019, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies, which can be found at www.wates.co.uk/who-we-are/corporate-governance. The Directors have set out below an explanation of how the Wates Principles have been applied during the 2019 year.

Principle 1 - Purpose and Leadership

“An effective board develops and promotes the purpose of the Company, and ensures that its values, strategy and culture align with that purpose.”

Purpose

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

The Company is part of the Marsh & Guy Carpenter businesses which provides risk management, insurance 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 and services including risk management, risk consulting, insurance broking, alternative risk financing and insurance programme management services.

Strategy

2019 was a year of significant change and transition for the Company and the Group as a whole, following the completion of the acquisition by the Group of Jardine Lloyd Thompson Group plc (JLT) on 1 April 2019.

The principal strategic focus of the Board during 2019 has been to oversee plans for the successful integration of the legacy JLT UK business. In addition, work has begun to reshape the people strategy, values, organisational structure and culture of the Company with a view to ensuring that, following completion of the integration, these align with the Company´s purpose and that its business and people are organised and deployed in a way that ensures the success of the Company in the long term. The Board established a sub committee to help focus further on this area. Preparations for Brexit also remained a key area of consideration.

Principle 2 - Composition

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

Chairman

The Company has a Non-Executive Chairman who was independent upon appointment and until the end of 2019. She was appointed as a Non-Executive Director on 30 September 2010 and then as Chairman on 1 August 2013. It had been intended that the Chairman would retire as Chairman and as a director of the Company in the near future, having served as a director for just over nine years. However, following the announcement of the proposed acquisition of the JLT business, it was agreed that the Chairman’s contract should be extended in order that the business would benefit from having an experienced Chairman to lead it through the acquisition and subsequent integration period. An executive search has been conducted in conjunction with an external research firm, to identify a suitable replacement. The Company is on track to have a new Chairman appointed and for a robust handover of duties to take place.

The roles and responsibilities of Chairman 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 Conducts Authority Limited, comply with the requirements of the Senior Managers & Certification Regime. These defined roles ensure that there is a balance of responsibilities, accountabilities and decision-making across the Company. The Chairman is responsible for the ethical leadership and effective operation of the Board, including establishing the framework and procedures to govern the work of the Board and to support Directors in the discharge of their legal and regulatory obligations. The terms of reference for the Board set out those matters reserved for the decision of the Board and the authorities delegated to the Chief Executive Officer for the management of the day to day business of the Company. The Board operates in line with the principles of good conduct set out in MMC Group’s ethical policy, “The Greater Good".

Balance and Diversity & Size and Structure

The Board comprises 14 directors which includes a Non-Executive Chairman, two other non-executive directors, the Chief Executive Officer, the Chief Financial Officer and Executives representing key areas of the business. Six of the directors were appointed during the year.

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

Of the Board of 14, two directors are female. We acknowledge that currently there is a lack of gender diversity on the Board. This is a challenge faced by the industry as a whole. We are committed to increasing the diversity of the Organisation as a whole. 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. In addition to this 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: Multi-Cultural, Women’s and Family networks, Mental Health support, and Pride and Military Veterans groups. We are also undertaking a number of actions including colleague and manager training and a Summer Intern Programme open to applicants from local underprivileged communities.

The Non-Executive Directors are responsible for bringing independent and objective judgment to deliberations, constructively challenging and monitoring performance of executive management and obtaining assurance that the Company´s legal and regulatory requirements have been met.

Principle 2 - Composition (continued)

Balance and Diversity & Size and Structure (continued)

Following the appointment of a new Chairman, the Board is considering the appointment of additional Independent Non-Executive Directors to ensure that its composition remains appropriate to meet the strategic needs of the Company in the future and to reflect the increased scale of the Organisation as it integrates the JLT business in 2020.

The Directors have equal voting rights when making decisions, except the Chairman who has a 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.

The duties of the Board are executed partially through committees. The Non-Executive Directors and Chairman 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

Directors have access to induction materials and undertake an induction programme which is tailored to their specific requirements on appointment. In addition, they are able to keep their skills, knowledge and familiarity with the Company up to date by meeting with senior management, and by attending Company Group events and appropriate external seminars and training courses. An annual schedule of training sessions is developed by the Company Secretary in conjunction with the Chairman and this is reviewed on a regular basis. Individual training can also be arranged by the Company Secretary on specific request.

The Board and its committees undertook an effectiveness review towards the end of 2019. This was conducted by way of a questionnaire, individual meetings between each director/committee member and the Company Secretary, and separately, with the Chairman of the Board or Chairman of the Audit and Risk Committees, as appropriate. A review of the Remuneration Committee's effectiveness was undertaken early in the second quarter of 2020. Feedback from the effectiveness reviews has been shared with the Board/Committee members respectively and action plans agreed to deal with any matters.

Principle 3 - Director Responsibilities

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

Accountability

The Board has established a standalone governance framework, including clearly documented terms of reference for the Board. The terms of reference set out the Board’s responsibility for leading and directing the affairs of the Company, with consideration for the interests of other stakeholders and there are clear delegations of authority in place between the Board, its Committees and the Chief Executive Officer of Marsh Limited. The Board operates a programme of five scheduled meetings a year, with ad hoc meetings held as and when required. In 2019, the Board met a total of 11 times and, in addition to its usual areas of focus, key discussion areas concerned transactions relating to the integration of the JLT business, 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 Executive team, which is 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 Human Resources. 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.

Committees

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

The Board and its committees regularly review the 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.

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 regulatory changes. Financial information is externally audited by Deloitte LLP, the Company’s External Auditor, on an annual basis, and financial controls are routinely reviewed by the Group’s centralised internal audit function. Other key information is prepared by the relevant business and internal functions, which are also subject to periodic reviews by the internal audit function. 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 the effectiveness of other operational and regulatory controls within the business. The Audit Committee membership includes two Non-Executive Directors.

Principle 3 – Responsibilities (continued)

Integrity of Information (continued)

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.

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 Chairman outside of the formal meeting programme throughout the year.

Principle 4 - Opportunity and Risk

"A Board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value, and establish oversight for identification and mitigation of risks."

Opportunity

The Board considers the Company´s annual strategic plan, which includes a 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 internal control systems are maintained.

The Risk Committee met six times in 2019 and its membership comprises two Non-Executive Directors and nine executive directors including the Chief Financial Officer. 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 and conduct risks, as well as 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 capital requirement, Risk Management Policy and risk appetite statement.

Principle 5 - Remuneration

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

Policies

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 not a formal Committee of the Marsh Ltd Board but a mechanism to provide regional governance and oversight of remuneration matters within the businesses. The Remuneration Committee is chaired by the Chairman 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, are in line with business strategy, objectives, values, culture, and the long term interests of the Company, encourage fair treatment of clients, and include measures to avoid conflicts of interest. 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 not only on financial performance, but also on measures that ensure the legal, regulatory and reputational health of the Company.

As part of the Company´s annual compensation process, the Committee reviews and challenges management on high level 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 prior to publication. 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-marsh/gender-pay-gap.html.

Principle 6 - Stakeholder Relationships and Engagement

“Directors should foster effective stakeholder relationships aligned to the company´s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.”

The Board has clearly outlined in its terms of reference its purpose, which is to generate value for its shareholder and to ensure the sound and prudent management of the firm, with due regard for the interests of the Company´s other stakeholders, including clients, employees, suppliers and the wider community.

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

Distributions to the Company´s shareholder 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 43.

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.

As part of the Company´s ultimate purpose, 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.

Clients

The Company has in place an annual client engagement programme, which is tailored for the 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.

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 high level reporting on conduct risks and escalations from the Risk Committee on any areas of particular concern.

Employees

The majority of contracts of employment and remuneration of employees are maintained by a fellow subsidiary company, Marsh Services Ltd (MSL). The Board recognises that employees are key to the Company´s strength and success. The Board and the Executive team are committed to ensuring high levels of employee engagement. The Chief Executive Officer and the Executive team understand the importance of leadership visibility and, in addition to regular Townhalls with colleagues, they frequently undertake visits to offices across the UK.

Principle 6 - Stakeholder Relationships and Engagement (continued)

Regular employee 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.

Throughout 2019, and during preceding years, the Company had in place an Employee Consultative Forum (the Colleague Information and Consultation Committee (CICC)) which represented employees from all offices and lines of business in discussions of a more formal nature with executive management. This was instrumental in supporting colleagues through contractual and structural changes and acting as a sounding board for the Executive Team.

Additionally in 2019, the CICC assisted with the consultation with employees who joined the Company through the acquisition of JLT. A separate committee, made up of elected members of the JLT population, was used to consult with employees, specifically on the TUPE Transfer. Early in 2020, the CICC was expanded to include members of the legacy JLT population. The Chairman of the CICC is elected from the employee representatives. The CICC meets regularly and is engaged to provide, for example, feedback to executive management on policy amendments, proposals for changes to benefits and to support colleagues when changes in structure are proposed.

Representatives of the various employee forums are now being invited to attend a meeting of the MSL Board to update the MSL Directors on activities and any areas of concern. In addition, summaries of the MSL Board meetings are being shared with the Marsh Ltd Board to aid communication.

In 2019, work to develop a definition of the culture for the Company was a key priority for the Board and the Executive team. A programme has been developed with an external provider. This comprises three elements, an all colleague survey to establish a base point for our current culture, the creation of a narrative statement to define the desired culture and a development/monitoring plan to help achieve this.

The Company is committed to reinforcing a wholly inclusive culture across a truly diverse workforce. The Diversity and Inclusion goals and plan were presented to the Board in 2019, when the Company signed up to the Women in Finance Charter. This included a commitment to achieve 25% of our most senior roles being held by women by the end of 2023. Activity and progress toward this goal is regularly reported to the Board. In addition to this we are committed to taking action to drive inclusive behaviour and prevent any form of discrimination across all areas of our workforce, including race, sexual orientation and economic background.

It is the Group and the Company's policy to give full consideration to suitable applications for employment from disabled persons. Every effort is made, where employees of the Company become disabled, to retain them in their existing employment.

The Group and the Company are committed to ensuring a safe and healthy workplace and working environment for employees, contractors and visitors by providing adequate welfare facilities and maintaining suitable plant and safe systems of work. A further statement on Health, Safety and Environment is set out on page 13 of the Strategic Report.

The Company's sister company, MSL participates in two UK pension schemes. Both schemes are governed by an Independent Trustee Board and another Group Company, Marsh & McLennan Companies UK Limited (MMCUKL), is the principal employer of both schemes. The Trustee Board is made up of both MMCUKSL appointed and member nominated Trustee Directors. The Trustee Board is responsible for communicating and engaging with pension scheme members and does this on a regular basis, including through an annual newsletter. Members can also ask questions and provide feedback via the administration teams who support the pension schemes. MSL engages with the Trustee Board as part of the Trustee Board's quarterly meeting schedule and through a Joint Working Group which is made up of representatives of both the MSL, and Trustee Boards.

Principle 6 - Stakeholder Relationships and Engagement (continued)

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. To this end, the Group has established a committee, comprised of representatives from across its businesses in the UK, including a representative of the Company, to focus on our Social Impact (formerly CSR) efforts in the UK. Given the Group´s expertise in risk, strategy and people, our social impact efforts are focused on 'building resilient communities through mentoring and disaster response & rebuilding.'

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

Suppliers

The Group monitors its relationship with its suppliers on a regular basis. Representatives of key suppliers are being invited to attend a Board meeting of a fellow subsidiary company, Marsh Corporate Services Ltd (MCSL) to update the MCSL Directors on activities and discuss any areas of concern. In addition, summaries of the MCSL Board meeting minutes are shared with the Marsh Ltd Board to aid communication.

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. Further detail on actions taken by the Company in compliance with the Modern Slavery Act 2015 is set out on page 15 of the Directors' Report.

The Company reports on its supplier payment practices on a bi-annual basis, and results are monitored by the Audit Committee at its quarterly meetings. The Directors consider the payment practice results bi-annually at the time of publication. The Company´s latest results can be found at https://check-payment-practices.service.gov.uk/report/27735

The Board acknowledges its responsibility to monitor payment practices and progress monitored by the Audit Committee.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has a risk committee that meets frequently throughout the year to monitor risks across the business. That committee reviews and challenges risk management activity and reports to the Board of Directors.

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

Asset Risks

The Company owns plant and equipment used by other Marsh & McLennan Companies Inc. Group companies in the UK. Any losses of or damage to those assets would threaten the ability of the Company to provide its services. The Company mitigates this risk through use of insurance and business continuity planning. The Company is also subject to impairment risk in relation to those fixed assets. The Company continually reviews its depreciation rates to ensure assets are amortised over the correct periods. In addition, the Company also reviews its tangible assets to ensure that they are not impaired.

The Company holds intangible assets relating to projects currently under development, which are subject to annual impairment tests.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Availability of IT systems

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

Competitive risks

The Company competes in a highly competitive UK and global marketplace. Aggressive strategies from competitors and from insurers and overseas insurance hubs for our international business puts significant pressure on the Company to retain existing business and to win new business. The Company mitigates this risk by continuing to enhance its value proposition to clients.

The Company receives fees and commissions. It does not control premiums on which commissions are based; premiums are cyclical and variable.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company is exposed to credit risk are amounts due from clients and insurers in respect of funded claims, funded premiums and brokerage not yet received. Funding is strictly controlled and minimized and the Company has a well-diversified client base.

The Company mitigates its credit risk for cash and investments by only depositing money with entities with a sufficiently high credit rating. The credit rating required is that demanded by the ultimate parent company. In addition, the Company has investment guidelines that restrict the amount of the investment portfolio that can be placed with a single counterparty.

Currency risk

The Company is exposed to currency risk in respect of revenue as well as assets and liabilities denominated in currencies other than Pounds Sterling. The most significant foreign currencies to which the Company is exposed are the US Dollar and Euro. The Company seeks to mitigate the risk as far as possible by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

Emerging Risk

Coronavirus: On March 11, 2020, the World Health Organization declared the Coronavirus (Covid 19) a pandemic. As this continues to spread through contagion, it is likely to further intensify the disruptive impact on the global and UK economy and could adversely impact the Company across a number of key financial and operational areas. The Company has taken a considered approach to minimising and managing the impact of the pandemic and has well formulated contingency plans, which continue to evolve as changes to circumstances occur.

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. The Company mitigates this risk through regular review of company processes and, ultimately, securing appropriate insurance cover.

PRINCIPLE RISKS AND UNCERTAINTIES (CONTINUED)

Interest rate risk

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

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

Liquidity/cash flow risk

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

Market Risk

The Company is exposed to the financial and operational performance of the insurers with whom it places our clients' business. This is mitigated by managing the spread of business across carriers and regular third party due diligence.

Outsourcing risk

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

People risks

The willingness of competitors to offer key staff higher remuneration and benefits packages continues to be a risk to the Company's ability to attract and retain key people.

Periodic benchmarking of salaries is carried out to ensure the Company remains competitive.

Political risk

The Company is subject to local and international economic and political instability. The Company manages this risk through monitoring of the economic environment as part of its ongoing forecasting process.

Management has noted that the United Kingdom (UK) formally left the European Union ('EU') on 31 January 2020 and entered a "transition phase" which is expected to end on 31 December 2020. During this period, trade negotiations between the UK and EU are expected to take place but the final outcome of these negotiations is not yet known. As a result, the final impact of leaving the EU on the economy, regulation and political stability is highly uncertain.

The Company has considered the key risks and impact to its business and operations following the end of the transition period and the content of any potential trade agreement and, based on a balance of worst case versus likely scenario assumptions, is taking steps to mitigate these. A Brexit Operations Group has been established to collate activities within and across individual lines of business and across all functional areas to ensure that the Company is Brexit ready and responsive to client needs in the UK as well as risks and uncertainty around standards of data protection and the storing and transfer of data between the UK and EU after Brexit on employees who are EU citizens, and the potential impact on the Company's suppliers.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Regulatory risk

The risk of non-compliance with rules set out by the Financial Conduct Authority and other relevant regulatory bodies could lead to financial penalties or the withdrawal of permissions. The risk of breaches is mitigated by employing experienced and dedicated compliance resources who are tasked with enabling and monitoring compliance across all areas of the business. Senior management are keen to promote this positive culture.

HEALTH, SAFETY AND ENVIRONMENT

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

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

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

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

Claire Valentine

....
C M Valentine
Secretary

Date: 27 August 2020

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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 13. This includes details of the Company's principal risks and uncertainties.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £189 million (2018 - £233 million).

The directors declared and paid dividends of £224 million during the year (2018: £151 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 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 V Barker
P A Barton (resigned 29 March 2019)
J Boyce (appointed 28 November 2019)
M C Chessher
T Colraine
J Flahive (appointed 27 February 2019)
A S Fraser-Hawkins (appointed 25 February 2019)
A B Girling (appointed 13 June 2019)
J C Grogan (resigned 7 February 2019)
A Gruppo (appointed 3 June 2019)
J R Hirst
A J King
C J Lay
P E Moody (appointed 4 February 2019)
J H Nash
R I White

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 with the integration of business from the Companies acquired as part of the JLT acquisition in 2019.

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.

EMPLOYEES

The majority of contracts of employment and the remuneration of employees are maintained by a fellow subsidiary company, Marsh Services Limited. Further details regarding employee involvement is given in the Directors' Report of Marsh Services Limited.

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.

POST BALANCE SHEET EVENTS

1. Covid 19

On March 11, 2020, the World Health Organization declared the Coronavirus (Covid 19) a pandemic. Developments in the first half of 2020 have created significant uncertainty about the impact on the global economy and has resulted in significant impacts to the financial markets and asset values around the world. The Company considers the emergence and spread of Covid 19 to be a non adjusting post balance sheet event (i.e. an event that is indicative of a condition that arose after the end of the reporting period). Based on the most recent interim management information, there has not been a significant impact of Covid 19 on the net assets of the Company, however, due to the evolving nature of this situation, the Company continues to monitor the impact of Covid 19 on results. It has been able to produce estimates through stress testing of different scenarios that provide a reasonable expectation that the Company has adequate resources to continue in operational existence.

2. Business transfers

From 1 January 2020 the Company acquired the trade and assets of JLT Reinsurance Brokers Limited, and from 1 May 2020 acquired the trade and assets of JLT Specialty Limited, both of which are indirect subsidiaries. The consideration for both purchases was settled in cash. Both transactions are part of the integration plans and legal entity rationalisation and elimination project, following the acquisition of Jardine Lloyd Thomson Group plc which completed on 1 April 2019 by the Marsh & McLennan Companies, Inc. group. The acquisition of these businesses will substantially increase the Group's future growth in line with the strategy to be the prominent firm in the area of risk.

POST BALANCE SHEET EVENTS (CONTINUED)

3. Share capital reduction and cancellation of share premium account

After the year end there were transactions that changed the Company's equity structure. The Company reorganised its capital structure and released share capital and non-distributable reserves to the profit and loss account. On 29 April 2020, the Company resolved to:

- reduce its share capital by extinguishing and cancelling 1,000 ordinary shares of £1.00 each;and
- cancel and extinguish £2,278,201,802 of the amount held in the share premium account in accordance with S.610 Companies Act 2006 and;
- release such amounts to the Company's retained earnings.

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

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 17 August 2020 and signed on its behalf.

Claire Valentine

C M Valentine
Secretary

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSH 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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 31.

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

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

We have nothing to report in respect of these matters.

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the 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.

Report on other legal and regulatory requirements

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

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

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

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

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

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

We have nothing to report in respect of these matters.

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

Paul R. Stephenson

Paul Stephenson BA, FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London
United Kingdom
Date: 27 August 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £M	*2018* *£M*
Turnover	4	951	*918*
Gross profit		951	*918*
Administrative expenses		(700)	*(661)*
Other operating income	5	2	*3*
Other operating charges	6	(4)	*-*
Operating profit	7	249	*260*
Income from participating interests	10	19	*1*
Income from fixed assets investments	11	9	*25*
Amounts written off investments	17	(40)	*-*
Interest receivable and similar income	12	4	*3*
Profit before tax		241	*289*
Tax on profit	13	(52)	*(56)*
Profit for the financial year		189	*233*

The notes on pages 26 to 58 form part of these financial statements.

All transactions derive from continuing activities.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £M		2018 £M
Fixed assets					
Intangible fixed assets	15		31		*42*
Tangible assets	16		-		*1*
Investments	17		2,262		*671*
			2,293		*714*
Current assets					
Debtors: amounts falling due after more than one year	18	3		*4*	
Debtors: amounts falling due within one year	18	404		*406*	
Bank and cash balances		2,417		*1,926*	
		2,824		*2,336*	
Creditors: amounts falling due within one year	21	(2,027)		*(1,538)*	
Net current assets			797		*798*
Total assets less current liabilities			3,090		*1,512*
Provisions for liabilities					
Provisions	24	(20)		*(38)*	
			(20)		*(38)*
Net assets			3,070		*1,474*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £M	*2018 £M*
Capital and reserves			
Called up share capital	25	255	*255*
Share premium account	26	2,313	*682*
Other reserves	26	10	*10*
Merger reserve	26	-	*(2)*
Profit and loss account	26	492	*529*
		3,070	*1,474*

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

27 August 2020.

Mark Chessher
....
M C Chessher
Director

The notes on pages 26 to 58 form part of these financial statements.

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

	Called up share capital	Share premium account	Other reserves	Merger reserve	Profit and loss account	Total equity
	£M	£M	£M	£M	£M	£M
At 1 January 2019	255	682	10	(2)	529	1,474
Comprehensive income for the year						
Profit for the year	-	-	-	-	189	189
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	189	189
Dividends: Equity capital	-	-	-	-	(224)	(224)
Shares issued during the year	-	1,631	-	-	-	1,631
Transfer to/from profit and loss account	-	-	-	2	(2)	-
Total transactions with owners	-	1,631	-	2	(226)	1,407
At 31 December 2019	255	2,313	10	-	492	3,070

The notes on pages 26 to 58 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Other reserves	Merger reserve	Profit and loss account	Total equity
	£M	£M	£M	£M	£M	£M
At 1 January 2018	255	682	10	(2)	447	1,392
Comprehensive income for the year						
Profit for the year	-	-	-	-	233	233
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	233	233
Dividends: Equity capital	-	-	-	-	(151)	(151)
Total transactions with owners	-	-	-	-	(151)	(151)
At 31 December 2018	255	682	10	(2)	529	1,474

The notes on pages 26 to 58 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 13.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

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

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

This information is included in the consolidated financial statements of Marsh & McLennan Companies Inc. as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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

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 immediate 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 cash flows and liquidity risk; the Company’s objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk.

The Company meets its day to day working capital requirements from corporate cash balances. The current economic conditions create uncertainty particularly over (a) the level of demand for the Company’s services; (b) the exchange rate between sterling and foreign currencies; and (c) the Company’s cost base. The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid 19 pandemic, and the directors are satisfied that the Company’s services will continue to be attractive to clients. The Directors considered it was appropriate for the Company to perform additional procedures and analysis, specific to COVID 19, to consider whether these events and uncertainties cast significant doubt upon the Company’s ability to continue as a going concern. This monitoring and analysis considered our business resilience and continuity plans, and stress testing of liquidity and financial resources. The analysis modelled the financial impact assuming an increasing severity of impact in relation to revenue and certain costs, for a 12 month period so that the potential impact on profitability and liquidity could be assessed.

Having assessed the responses to their enquiries, including those related to COVID 19, 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. 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 approval of the financial statements and, therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

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 the Statement of Comprehensive Income 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 the Statement of Comprehensive Income within 'other operating income'.

REVENUE

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

Rendering of services

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

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

Investment income

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

2. ACCOUNTING POLICIES (CONTINUED)

2.6 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 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.

2.9 FINANCE COSTS

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

2. ACCOUNTING POLICIES (CONTINUED)

2.10 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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)

2.11 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:

Software Internally developed	-	On a straight line basis over 3 to 5 years
Goodwill	-	On a straight line basis over 10 to 20 years
Client book of business	-	In line with underlying cash flows over 4 - 15 years

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.

2.12 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)

2.12 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:

Short-term leasehold improvements	- 10% per annum
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 the Statement of Comprehensive Income.

2.13 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.

2.14 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. ACCOUNTING POLICIES (CONTINUED)

2.15 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 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.

2.16 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.16 IMPAIRMENT (CONTINUED)

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.

2.17 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.

2.18 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.

2.19 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 the Statement of Comprehensive Income 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. ACCOUNTING POLICIES (CONTINUED)

2.20 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.

2.21 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:

- 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

2. ACCOUNTING POLICIES (CONTINUED)

2.21 FINANCIAL INSTRUMENTS (continued)

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.

2.22 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 and delegation advisers of the Company's ultimate parent company, Marsh & McLennan Companies, Inc.. The amount and timing of a dividend may be changed at any time, and 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. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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

Company is not a financial institution
Additional disclosure required for financial institutions has not been provided as management have assessed the Company not to be a financial institution. The Company provides risk management, insurance and reinsurance broking services to its clients. Accordingly, it does not meet the definition of a financial institution.

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.

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.

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.

4. TURNOVER

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

	2019 £M	2018 £M
Client service revenue	923	902
Bank interest receivable	28	16
	951	918

Analysis of turnover by country of destination:

	2019 £M	2018 £M
United Kingdom	426	416
North America	187	142
Rest of the world	338	360
	951	918

5. OTHER OPERATING INCOME

	2019 £M	2018 £M
Other income from broking activities	2	3
	2	3

6. OTHER OPERATING CHARGES

	2019 £M	2018 £M
Foreign exchange losses on operating activities	4	-
	4	-

7. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £M	*2018 £M*
Amortisation of intangible assets, including goodwill	14	*23*
Exchange differences	4	*-*

The audit fee and annual filing fees were borne by a fellow subsidiary undertaking during the year. The audit fee attributable to the Company is £0.8 million (2018: £0.7 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 £0.1 million (2018: £0.1 million).

8. EMPLOYEES

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

	2019 £M	*2018 £M*
Wages and salaries	345	*311*
Social security costs	44	*40*
Cost of defined contribution scheme	18	*17*
	407	*368*

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

The Company, through its management fee with Marsh Services Limited, contributes to the Marsh section of the MMC UK Pension Fund. The FRS 102 Section 28 disclosures for the defined contribution section have been made within the financial statements of Marsh Services Limited. At 31 December 2019, Marsh Services Limited disclosed in its financial statements that the pension scheme valuation is an asset of £870.9 million (31 December 2018: asset £912.2 million) using an FRS 102 valuation basis. Further detail can be found in the financial statements of Marsh Services Limited.

9. DIRECTORS' REMUNERATION

	2019 £M	*2018 £M*
Directors' emoluments	9	*9*
Compensation for loss of office	1	*1*
	10	*10*

During the year retirement benefits were accruing to 2 directors *(2018 - 3)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £3 million *(2018 - £2 million)*. The highest paid director exercised 3855 stock awards during the year (2018: 2049). The highest paid director exercised no share options in the year. (2018: £NIL)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL *(2018 - £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 *(2018 - £NIL)*.

During the year NIL directors received shares under the long term incentive schemes (*2018* -7)

The emoluments shown above reflect the total emoluments received by the directors for services relating to the Company and other companies in the Marsh & McLennan Companies, Inc., Group (the “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, in the main, is Marsh Services Limited. The remuneration costs from Marsh Services Limited are subsequently recharged to the Company.

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, the Company determined in January 2014 to close the existing sections of the Fund to all future benefit accrual with effect from 1 August 2014.

10. INCOME FROM PARTICIPATING INTERESTS

	2019 £M	*2018 £M*
Proceeds on sale of business	19	*1*
	19	*1*

On 1 January 2019, the Company sold its branch in the Republic of Ireland to Marsh Ireland Brokers Limited a company incorporated in the Republic of Ireland at fair market value for a gain of £18 million.

On 1 January 2019, the Company also sold another business line for £1 million at fair market value to another group company.

11. INCOME FROM FIXED ASSET INVESTMENTS

	2019 £M	*2018 £M*
Dividends received from unlisted investments	9	*25*
	9	*25*

12. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £M	*2018 £M*
Other interest receivable	4	*3*
	4	*3*

13. TAXATION

	2019 £M	*2018 £M*
CORPORATION TAX		
Current tax on profits for the year	51	*55*
	51	*55*
TOTAL CURRENT TAX	51	*55*
DEFERRED TAX		
Origination and reversal of timing differences	1	*1*
TOTAL DEFERRED TAX	1	*1*
TAXATION ON PROFIT	52	*56*

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2018 - higher than)* the standard rate of corporation tax in the UK of 19.0% *(2018 - 19.0%)*. The differences are explained below:

	2019 £M	*2018 £M*
Profit before tax	241	*289*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2018 - 19.0%)	46	*55*
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	10	*4*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2	*1*
Non-taxable income	(4)	*-*
Dividends from UK companies	(2)	*(5)*
Other differences leading to an increase in the tax charge	-	*1*
TOTAL TAX CHARGE FOR THE YEAR	52	*56*

13. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The UK tax legislation allows for companies in the same UK group to share losses, known as group relief. The Company has received group relief from other MMC UK Companies for the year ended 31 December 2019. There is no requirement for any payment to be made for any group relief received and therefore the Company has received some group relief where the other party has not requested a payment for those losses.

Following the Budget announcement on 11 March 2020 the UK Corporation Tax rate (from 1 April 2020) will be maintained at 19% and no longer reduced to 17% as previously legislated.

14. DIVIDENDS

	2019	*2018*
	£M	*£M*
Interim dividends for the year	224	*151*
	224	*151*

15. INTANGIBLE ASSETS

	Client book of business £M	Computer software £M	Goodwill £M	Total £M
COST				
At 1 January 2019	29	15	588	632
Additions - internal	-	4	-	4
Disposals	-	-	(11)	(11)
At 31 December 2019	29	19	577	625
AMORTISATION				
At 1 January 2019	7	11	573	591
Charge for the year	4	-	10	14
On disposals	-	-	(11)	(11)
At 31 December 2019	11	11	572	594
NET BOOK VALUE				
At 31 December 2019	18	8	5	31
At 31 December 2018	*22*	*5*	*15*	*42*

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

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.

16. TANGIBLE FIXED ASSETS

	Short-term leasehold property £M	Fixtures and fittings £M	Office equipment £M	Total £M
COST OR VALUATION				
At 1 January 2019	2	4	24	30
Disposals	(2)	(3)	(3)	(8)
At 31 December 2019	-	1	21	22
DEPRECIATION				
At 1 January 2019	2	4	23	29
Disposals	(2)	(3)	(2)	(7)
At 31 December 2019	-	1	21	22
NET BOOK VALUE				
At 31 December 2019	-	-	-	-
At 31 December 2018	*-*	*-*	*1*	*1*

17. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £M
COST OR VALUATION	
At 1 January 2019	696
Additions	1,631
Disposals	(25)
At 31 December 2019	2,302
IMPAIRMENT	
At 1 January 2019	25
Charge for the period	40
Impairment on disposals	(25)
At 31 December 2019	40
NET BOOK VALUE	
At 31 December 2019	2,262
At 31 December 2018	*671*

The Company issued 1,000 shares of £1 each to MMC UK Group at a premium of £1,631 million for consideration of the purchase of the investment in JLT Insurance Group Holdings Limited and its subsidiaries effective from 2 December 2019.

Following an impairment review the Company provided £40 million against the carrying value of its investments.

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

Fixed Asset Investments

Details of the Company's subsidiary undertakings at 31 December 2019 are shown below:

Name	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
BBPS Limited	United Kingdom	Ordinary	100%	1 Tower Place West, London, ECR 5BU
Beaumonts Insurance Services Limited	United Kingdom	Ordinary	100%	1 Tower Place West, London, ECR 5BU
Bluefin Insurance Services Limited	United Kingdom	Ordinary	100%	1 Tower Place West, London, ECR 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%	Ground Floor North, Leven House, 10 Lochside Place, Edinburgh, EH12 9DF
Cronin & Co Insurance Services Limited	United Kingdom	Ordinary	100%	1 Tower Place West, London, ECR 5BU
Guy Carpenter & Company Limited*	United Kingdom	Ordinary	100%	1 Tower Place West, London, ECR 5BU
Hamilton Bond Limited	United Kingdom	Ordinary	100%	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX
Hayward Aviation Limited	United Kingdom	Ordinary	100%	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
Jelf Commercial Finance Limited	United Kingdom	Ordinary	100%	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX
Jelf Insurance Brokers Limited*	United Kingdom	Ordinary	100%	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX
Jelf Risk Management Limited	United Kingdom	Ordinary	100%	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Name	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
Jelf Wellbeing Limited	United Kingdom	Ordinary	100%	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX
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
JLT Re France SARL	France	Ordinary	100%	94 Rue de la Victoire, 75009, Paris
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 Secretaries 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
Lloyd & Partners Limited	United Kingdom	Ordinary	100%	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
MMC Securities (Europe) Limited*	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, EC3R 5BU
Mountlodge Limited	United Kingdom	Ordinary	100%	Ground Floor North, Leven House, 10 Lochside Place, Edinburgh, EH12 9DF
Professional Claims Handling Limited *	United Kingdom	Ordinary	100%	Devonshire House, 60 Goswell Road, London, EC1M 7AD

Name	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
SME Insurance Services Limited	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, EC3R 5BU
Software Underwriting Systems Limited*	United Kingdom	Ordinary	100%	Devonshire House, 60 Goswell Road, London, EC1M 7AD
The Purple Partnership Limited	United Kingdom	Ordinary	100%	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX

* Subsidiary is directly owned by the Company.

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.

18. DEBTORS

	2019 **£M**	*2018* *£M*
DUE AFTER MORE THAN ONE YEAR		
Deferred tax	3	*4*
	3	*4*

18. DEBTORS (CONTINUED)

	2019 £M	*2018 £M*
DUE WITHIN ONE YEAR		
Trade debtors	201	*184*
Amounts owed by group undertakings	58	*41*
Amounts recoverable from captive insurer in respect of errors and omissions claims reserved	21	*37*
Other debtors	5	*2*
Prepayments and accrued income	118	*141*
Amounts recoverable from group undertakings - tax	1	*1*
	404	*406*

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

19. INSURANCE DEBTORS

	2019 £M	*2018 £M*
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Third party trade debtors	1,169	*1,082*
Amounts owed by group undertakings	530	*379*
	1,699	*1,461*
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Third party trade debtors	108	*118*
	108	*118*

20. BANK AND CASH BALANCES

	2019 £M	*2018 £M*
Fiduciary cash held under a non-statutory fiduciary trust	1,467	*1,193*
Cash at bank and in hand	892	*684*
Corporate cash - Restricted funds	58	*49*
	2,417	*1,926*

Within the corporate cash restricted funds balance, there is an amount held of £41.6 million which represents funds required to be held outside of the corporate cash pooling arrangements, as agreed with the Financial Conduct Authority.

Also included in the corporate cash restricted funds balance is an amount of £16.5 million which represents the fiduciary surplus that has not yet been transferred into the corporate bank account.

Therefore, this amount is not subject to the potential exposure explained at note 28 (c) with regard to the Company's corporate cash pooling arrangements.

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £M	*2018 £M*
Trade creditors	1,467	*1,193*
Amounts owed to group undertakings	287	*126*
Corporation tax	24	*7*
Other creditors	1	*1*
Accruals and deferred income	166	*152*
Amounts owed to group undertakings for tax	82	*59*
	2,027	*1,538*

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

22. INSURANCE CREDITORS

	2019 £M	*2018 £M*
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Third party trade creditors	2,930	*2,486*
Amounts owed to group undertakings	241	*173*
	3,171	*2,659*
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Third party trade creditors	103	*113*

23. DEFERRED TAXATION

	2019 £M	*2018 £M*
At beginning of year	4	*5*
Charged to profit or loss	(1)	*(1)*
AT END OF YEAR	3	*4*

The deferred tax asset is made up as follows:

	2019 £M	*2018 £M*
Accelerated capital allowances	3	*4*
	3	*4*

Deferred tax timing differences have been provided for at the tax rates substantively enacted at the balance sheet date which will apply when the timing differences are expected to reverse.

Following the Budget announcement on 11 March 2020 the UK Corporation Tax rate (from 1 April 2020) will be maintained at 19% and no longer reduced to 17% as previously legislated. Since this change occurred after the balance sheet date, deferred tax balances at 31 December 2019 have been recognised at 17%.

There are no unrecognised deferred tax balances.

24. PROVISIONS

	Errors and Omissions and other claims £M	Other provision £M	Total £M
At January 2019	37	1	38
Additional provision made	6	-	6
Provision release	(19)	-	(19)
Paid in year	(1)	(1)	(2)
Transferred on sale of branch	(2)	-	(2)
Foreign exchange	(1)	-	(1)
	20	-	20

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.

Other provision

The other provision represents management's best estimate of the Company's liability relating to underpaid overseas insurance premium tax. A settlement was made in December 2019 to clear this provision.

25. CALLED UP SHARE CAPITAL

	2019 £M	*2018 £M*
Allotted, called up and fully paid		
255,203,534 *(2018 - 255,202,534)* Ordinary shares of £1.00 each	255	*255*

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

1000 £1 shares were issued to the Company's immediate parent company during the year in exchange for the investment in JLT Insurance Group Holdings Limited as per note 18.

26. RESERVES

Share premium account

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

1000 shares were issued to the Company's immediate parent company in exchange for the shares of JLT Insurance Group Holdings Limited at a fair market value of £1,631 million.

Other reserves

In October 2017, as a result of the issue of shares arising from the acquisition, the Company made a gain of £10.2 million on the transfer of SME Insurance Services Limited to Jelf Insurance Brokers Limited at fair market value. As the consideration received was shares in Jelf Insurance Brokers Limited, this has been treated as a non-distributable reserve.

Merger Reserve

In 2010, the Company set up a branch operation in the Republic of Ireland. The difference between the consideration paid for the trade and assets and their fair values has created the “Merger Reserve”.

The branch has now been sold, so this reserve has been reclassed to distributable reserves.

Profit and loss account

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

27. 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 amounts held in the Letter of Credit bank accounts at any point in time. As at 31 December 2019 the Company held a total amount of £1.0 million (2018: £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 2019, the Company had a total balance of £890 million (2018: £681 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 November 2017, the FCA announced the terms of reference for a market study concerning the wholesale insurance broker sector in the United Kingdom, which affects Marsh and Guy Carpenter. The FCA conducted the study to assess "how effectively competition is working in the wholesale insurance broker sector" and "how brokers influence competition in the underwriting sector." In February 2019, the FCA published its final report and closed the market study, concluding that it had "not found evidence of significant levels of harm that merit the introduction of regulatory intervention."

f. 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 collateralized by segregated assets held in a trust. As of 31 December 2019, 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.

27. CONTINGENT LIABILITIES (CONTINUED)

g. 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. In 2013 the Company agreed that future deficit funding contributions for the period from 2014 would be based on an annual assessment using financial assumptions agreed with the Trustee.

In March 2017 the guarantee was restructured into a format compliant with the Pension Protection Fund regulations.

Depending on future experience development, contingent deficit contributions of up to £504.7 million are covered by the guarantee payable over a seven year period from January 2017 to December 2023.

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

	2019 **£M**	*2018* *£M*
Present value of funded obligation	(4,082)	*(3,643)*
Fair value of plan assets	4,971	*4,571*
	889	*928*
Present value of unfunded obligations	(18)	*(16)*

28. 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.

29. POST BALANCE SHEET EVENTS

1. Covid 19

On March 11, 2020, the World Health Organization declared the Coronavirus (Covid 19) a pandemic. Developments in the first half of 2020 have created significant uncertainty about the impact on the global economy and has resulted in significant impacts to the financial markets and asset values around the world. The Company considers the emergence and spread of Covid 19 to be a non adjusting post balance sheet event (i.e. an event that is indicative of a condition that arose after the end of the reporting period). Based on the most recent interim management information, there has not been a significant impact of Covid 19 on the net assets of the Company, however, due to the evolving nature of this situation, the Company continues to monitor the impact of Covid 19 on results. It has been able to produce estimates through stress testing of different scenarios that provide a reasonable expectation that the Company has adequate resources to continue in operational existence.

2. Business transfers

From 1 January 2020 the Company acquired the trade and assets of JLT Reinsurance Brokers Limited, and from 1 May 2020 acquired the trade and assets of JLT Specialty Limited, both of which are indirect subsidiaries. The consideration for both purchases was settled in cash. Both transactions are part of the integration plans and legal entity rationalisation and elimination project, following the acquisition of Jardine Lloyd Thomson Group plc which completed on 1 April 2019 by the Marsh & McLennan Companies, Inc. group. The acquisition of these businesses will substantially increase the Group's future growth and in line with the strategy to be the prominent firm in the area of risk.

3. Share capital reduction and cancellation of share premium account

After the year end there were transactions that changed the Company's equity structure. The Company reorganised its capital structure and released share capital and non-distributable reserves to the profit and loss account. On 29 April 2020, the Company resolved to:

- reduce its share capital by extinguishing and cancelling 1,000 ordinary shares of £1.00 each;and
- cancel and extinguish £2,278,201,802 of the amount held in the share premium account in accordance with S.610 Companies Act 2006 and;
- release such amounts to the Company's retained earnings

30. 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