Registered number: 03053552

MARSH SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

MARSH SERVICES LIMITED

COMPANY INFORMATION

Directors	A J Croft K J Hamilton (resigned 30 June 2021) A J Henderson A C Herring C Netherton R I White (Chairman) S R Woodhouse N Fowler (appointed 5 July 2021)
Company secretary	E A Nicholls
Registered number	03053552
Registered office	1 Tower Place West Tower Place London EC3R 5BU

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The Directors present their Strategic Report for Marsh Services Limited (the "Company") for the year ended 31 December 2020. The Company's registration number is 03053552.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is one of the principal employment companies within the Marsh & McLennan Companies Inc. Group ("MMC") of companies in the UK. The majority of the staff employed by the Company are seconded to Marsh Limited, a sister company and a provider of risk management, insurance and reinsurance broking services.

As Marsh Services Limited ("MSL") is a service company; it generally does not make large profits or losses but seeks only to recharge its expenses to MMC Group companies. Its turnover is entirely made up of service charges and other income from MMC Group companies and recognises a mark-up on internally generated costs for an inter-company service charge. Its major expenses are staff salaries and other costs of employment.

Further to Marsh & McLennan Companies, Inc. ("MMC"), the Company's ultimate parent, completing the purchase of Jardine Lloyd Thompson Group plc ("JLT") during 2019, a number of JLT companies internally transferred under different ownership structures within MMC. In 2020 the second stage of business integration and legal entity rationalisation progressed further, and there were Transfer of Undertakings (Protection of Employment) Regulations ("TUPE") transfer arrangements whereby, after a consultation process, some of the employees of former JLT Companies and their pension scheme liabilities transferred into the Company, centralising the employment of colleagues within the United Kingdom for the Risk & Insurance solutions operations of MMC.

On 1 January 2020, the employees of JLT Reinsurance Brokers Limited and JLT Management Services Limited transferred into the Company. On 1 March 2020 the employees of JLT Specialty Limited transferred into the Company. This has substantially increased the size of the Company.

Alongside the transfers of JLT employees, the Company also became a participating employer in the JLT pension scheme, as set out in note 19.

FINANCIAL KEY PERFORMANCE INDICATORS

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

	2020 £M	*2019 £M*	*Movement £M*	*Movement %*
Turnover	637	495	142	29
Administration expenses	679	515	(164)	(32)
(Loss)/Profit before tax	(31)	1	(32)	(3,200)
Net pension asset	668	872	(204)	(23)
Net liabilities	(93)	(69)	(24)	(45)

FINANCIAL KEY PERFORMANCE INDICATORS (continued)

Turnover increased by £142 million in 2020 to £637 million, due to increased costs incurred and subsequently recharged to other MMC companies with an agreed mark-up on cost.

Total administration expenses increased by £164 million in 2020 primarily driven by wages and salaries and associated costs which increased by £158 million to £661 million in 2020. This was due to an increase in the average headcount of 20% to 5,351 in 2020 from 4,446 in 2019.

The Company carries most of the MMC UK Pension Fund ("Fund") (along with associated unregistered pension obligations) on its balance sheet and its financial position is affected by actuarial valuations. The Fund is split into separate sections that are accounted for as separate plans. The Company carries the Marsh section, a small part of the Mercer section and most of the Sedgwick section, which arose from the acquisition of Sedgwick in 1998. In addition the Company also acquired on 1 January 2020 the share of the JLT Pension Scheme from JLT Reinsurance Brokers Limited and JLT Management Services Limited via a formal legal agreement and on 25 February 2020 from JLT Specialty Limited. The net valuation of the benefit obligations of the JLT Pension Scheme transferred in 2020 was £200 million.

The latest pension valuation for the overall fund has resulted in a net post-retirement asset at the end of 2020 of £668 million (2019: £872 million asset). The decrease in net post-retirement asset is mainly due to an increase in benefit obligations following the JLT Pension Scheme transfer.

In 2020 there is a past service cost due to a plan amendment of £6,968,000. This has arisen following a High Court case on 20 November 2020 which ruled that transfers out of the Fund and JLT Scheme, between 17 May 1990 and 26 October 2018, need to be revisited and equalised for Guaranteed Minimum Pensions ("GMP equalisation").

On 11 March 2011 a guarantee was agreed between Marsh Limited (a fellow MMC Group undertaking) and MMC UK Pension Fund Trustee Limited (as Trustee for the MMC UK Pension Fund) in relation to the Company's contributions to the Fund. 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. This approach was confirmed in November 2016 when updated funding principles were agreed.

A statutory funding valuation was carried out during 2019 for the Fund. The Fund is in a surplus funding position and under the current agreement with the Trustee, no deficit funding is required until 2023. The funding level will be re-assessed during 2022 to determine if deficit contributions are required from 2023.

A statutory funding valuation is being carried out in respect of the JLT Pension Scheme. Deficit contributions of about £21 million per annum are currently being paid by the Company to the JLT Scheme and a new deficit funding plan of £33 million per annum is being agreed, effective 1 April 2021 to 31 December 2028.

As part of a long term strategy, which depends on having greater influence over asset allocation and overall investment decisions, in November 2019 Marsh & McLennan Companies, Inc. renewed its agreement to support annual deficit contributions by the U.K. operating companies under certain circumstances, up to £450 million over a seven-year period.

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.

Corporate Governance Statement

For the year ended 31 December 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies, which can be found at www.wates.co.uk/who-we-are/corporate-governance. The Directors have set out below an explanation of how the Wates Principles have been applied during the 2020 year. The Company forms part of the Marsh & McLennan Inc. Group of Companies ("the Group") and further information in respect of the Group's compliance can be found in the Corporate Governance disclosure of its sister company, Marsh Limited's, Report and Accounts for the year ended 31 December 2020.

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

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

The Company is part of the Marsh business, is a services company and the primary employer for employees of the Marsh, Guy Carpenter (GC) and MMC entities in the UK.

Strategy

The 2020 financial year presented unprecedented challenges with the global Covid-19 pandemic and stay-at-home orders following the announcement of national lockdowns. The Board focused its attention on ensuring the safety and wellbeing of colleagues and on the delivery of services to its clients.

The principal focus of the Company during 2020 continued to be that of an employing company acting on behalf of other operating companies in the UK such as Marsh Limited and Guy Carpenter & Company Limited. The Board received updates, and monitored matters relating to the Group's people strategy and culture, employee benefits and the benefits harmonisation work which followed the acquisition of the JLT Group of Companies by MMC. In addition, the Board retained a focus on a number of other matters which included the 2019 year end review process and the total compensation review, attrition rates, gender pay gap reporting, the Modern Slavery Statement, global mobility, changes in Human Resources legislation and relevant internal policies, diversity and inclusion, the graduate and apprenticeship schemes and UK payment practices. The Board has discussed the feedback and actions arising from engagement surveys and the developing culture of the Group remains an important consideration, as does the Organisation's response to the Covid-19 pandemic.

Principle 1 - Purpose and Leadership (Continued)

Strategy (continued)

The Board has also received updates from a management committee considering health and safety matters and received copies of the minutes of the meetings of an Employee Consultative Forum, the Colleague Information and Consultation Forum (CICC). Members of the various employee representative forums have attended Board meetings to provide an update on activities and raise any issues or matters of concern.

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 Chairman is responsible for the leadership of the Board and its effective operation. The Chairman is an experienced and senior leader of the Organisation, a member of the Marsh Executive Team and a director of the Marsh Limited Board. He has served as Chairman of the Board since March 2016.

Balance and Diversity & Size and Structure

The Board comprises the Chairman and six other directors and its composition is appropriate in terms of skills and expertise for its purpose, comprising of senior leaders from the business, the Marsh and Guy Carpenter Human Resources functions (HR), Finance and Operations. Of the Board of seven, three directors are female. The Group is committed to increasing the diversity of the Organisation as a whole, which is demonstrated through its commitment to the Women in Finance Charter to increase the number of females in senior grades to 25% by the end of 2023. 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.

Effectiveness

Directors have access to induction materials on appointment. In addition, they are able to keep their skills, knowledge and familiarity with the Company up to date by meeting with other members of senior management, and by attending a schedule of Group board training events and appropriate external seminars and training courses. Individual training can also be arranged by the Company Secretary on specific request.

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

Terms of Reference for the Marsh Services Limited (MSL) Board have been developed and were finalised in 2021, these set out the Board’s responsibilities as an employing entity. The Board meets four times a year (there is an additional meeting with a number of other entities, which is related to gender pay gap reporting) with ad hoc meetings held as and when required. In 2020, the Board met five times and considered the matters described under Principle One.

Integrity of Information

The Board receives reports on matters within its remit, which includes employee benefits and HR matters, at each scheduled Board meeting.

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 the identification and mitigation of risks.”

Opportunity/Risk

The MSL Board assists the Marsh Limited and GC Boards in fulfilling the responsibility for ensuring that sound risk management and internal control systems operate within the Company’s areas of responsibility.

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

The Marsh Remuneration Committee is a mechanism to provide regional governance and oversight of remuneration matters within the Marsh and GC UK and Ireland businesses. The Marsh Remuneration Committee is chaired by the Chairman of the Marsh Limited Board, and is responsible for ensuring that the Remuneration Policy and compensation practices of the Marsh and GC UK and Ireland businesses 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 Group, 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 businesses 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 teams, 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 Marsh 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.

As part the business’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.

A Gender Pay Gap Report is produced 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.

The MSL Board assists the Marsh Limited and GC Board’s in fulfilling the responsibilities within its remit and, in particular, in reviewing and monitoring employee benefits, the year end review and total compensation processes and the approach to diversity and inclusion matters and commitment to building a diverse and inclusive workforce.

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.”

As part of the MMC Group of companies, the Board is conscious of the Group’s purpose, namely, to generate value for its shareholder and to ensure the sound and prudent management of the firm, with due regard for the interests of the Company´s other stakeholders, including clients, 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.

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 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 on page 32 under the Notes to the Financial Statements.

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

As part of the Group’s ultimate purpose, the Marsh Limited Board and the Marsh Executive are committed to ensuring that the Group, and where applicable, the individual group companies, make a positive difference for its clients, its employees, its communities and society at large. The MSL Board share this commitment.

Clients

The Company provides employment services to a number of group companies including Marsh Limited and GC. These companies provide risk, insurance and reinsurance services.

Employees

The Board recognises that employees are at the heart of the Company’s and the Group’s business and, throughout 2020, the health, wellbeing and safety of employees has been a key priority for the Board. In March 2020, in line with Government advice, the vast majority of employees were instructed and equipped to work from home. Where this was not possible for a very small number of employees, appropriate health and safety measures, including strict social distancing arrangements were put in place in physical offices.

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

The Board recognises that, employees are key to the Group’s strength and success. The Board and the Boards of its sister companies including Marsh Limited and GC, and the Executive teams are committed to ensuring high levels of employee engagement.

Principle 6 – Stakeholder Relationships and Engagement (continued)

Employees (continued)

Throughout 2020, and during preceding years, the Marsh group has had in place an Employee Consultative Forum (CICC) which represented employees from all offices and lines of business in discussions of a more formal nature with executive management. This has been instrumental in supporting colleagues through contractual and structural changes and acting as a sounding board for the Marsh Executive Team. The CICC comprises of elected representatives from across all offices and lines of business and includes legacy JLT employees. The Chairman of the CICC is elected from the employee representatives. The CICC meets regularly and is engaged to, for example, provide feedback to executive management on policy amendments, proposals for changes to benefits and to support colleagues when structure changes are proposed.

Representatives of the various employee forums are now invited to attend a meeting of the Board to update the Directors on activities and any areas of concern. In addition, summaries of the MSL Board meetings are being shared with the Boards of its sister companies, Marsh Limited and GC.

During 2020, work to develop a definition of the culture for the Group was a key priority for the Board, the Marsh Limited and GC Boards and the Executive teams was undertaken to develop the organisation's culture and purpose.

The Group and Company is committed to reinforcing a wholly inclusive culture across a truly diverse workforce. A commitment has been made to achieve 25% of women being in our most senior roles by the end of 2023 in line with the Women in Finance Charter. Activity and progress toward this goal is regularly reported to the Board.

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

The Company and Group 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 below on page 10 of the Strategic Report.

The Company participates in two UK pension schemes. Both schemes are governed by an Independent Trustee Board made up of both Company 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. The Company 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 Company and Trustee Board.

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 before. To this end, the Group has established a committee, comprised of representatives from across its businesses in the UK, including a representative of the Company, to focus on our Social Impact efforts in the UK. Given the Group´s expertise in risk, strategy and people, our social impact efforts are focused on 'Engaging our Colleagues to Build Resilient Communities.'

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 Ambitious About Autism in the UK and encourages colleagues to volunteer with its non-profit partners, for local causes that are important to them and their clients. Alongside this the Company also supports a number of grassroots charities addressing a range of cause areas including; food/hunger, older people, mental health and social mobility. In 2020, Covid-19 significantly impacted fundraising, with in-person events suspended. To mitigate this, virtual fundraising campaigns and events were held.

The Group has developed climate initiatives which represent a tangible step towards building a more sustainable environment for colleagues, clients, shareholders and future generations. The Group have also made the commitment of being carbon neutral by the end of 2021, and to reduce its carbon emissions by 15% below 2019 levels by 2025. More information on the initiatives may be found in the Streamline Energy and Carbon Report on page 15.

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 the Company's sister company, Marsh Corporate Services Limited ("MCSL") to update the MCSL Directors on activities and discuss any areas of concern. In addition, summaries of the MCSL Board meeting are being shared with the Marsh Limited and GC Boards to aid communication.

The Company is committed to ensuring that slavery and human trafficking is not taking place in any of its supply chains or any part of its business. Further detail on actions taken by the Company in compliance with the Modern Slavery Act 2015 is set out on page 14 of the Director's Report.

The Company reports on its supplier payment practices on a bi-annual basis, and results are monitored by the Marsh Audit Committee at its quarterly meetings. The Marsh Limited Board 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/40493

PRINCIPAL RISKS AND UNCERTAINTIES

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

Availability of IT systems risk

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

Credit risk

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

Cyber risk

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

Health, Safety and Environment risk

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

The Company is compliant with all laws and, wherever practicable we implement improvements to health and safety. Directors and individual managers accept responsibility for people and areas under their control and integrate health and safety into everyday activities. They are committed to ensuring the competence of all 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 and safety standards. See also Pandemic risk later.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Interest rate risk

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

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

Liquidity and 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 liquid funds to mitigate against this risk. The Company makes use of forecasts and budgets to monitor and control its cash flows and working capital requirements and has access to other MMC Group liquid funds managed through a central treasury function.

Outsourcing (including Intra Group Arrangements) risk

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

Pandemic risk

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

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

Pension asset risk

The Company's defined benefit pension schemes are closed to new members. The Pension schemes valuations are subject to inherent risks from factors beyond the management's direct control such as the investment returns, inflation rates, mortality rates, regulatory changes, legal changes and underlying custodianship risk relating to investments. There are controls in place monitored by the Company and the Trustee to mitigate these as much as possible.

The Company is exposed to financial risks from its defined benefit pension plans. These risks are mitigated by a guarantee from Marsh Limited.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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. The competitor risk regarding 'colleague or team poaching' is mitigated with proportionate executive and local management governance. Where colleagues exit the company, management, HR and Legal teams exercise covenants as appropriate.

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

Political risk

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

The Company has considered the key risks and impact to its business and operations following the end of the transition period and the content of the trade agreement and has taken steps to mitigate the key risks identified. A Brexit Operations Group was established to collate activities within and across individual lines of business and across all functional areas to ensure that the Company was Brexit ready and responsive to client needs in the UK and the EU as well as risks and any 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.

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

This report was approved by the board on 1 September 2021 and signed on its behalf.

A J Henderson
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

PRINCIPAL ACTIVITIES

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 12. This includes a review of the development of the business during the year and of likely future developments of the business in the future. Details of the principal risks and uncertainties are also included in the Strategic Report.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £23 million (2019: profit £3 million).

The directors do not recommend the payment of a final dividend (2019: £nil).

DIRECTORS

The directors who served during the year were:

A J Croft
K J Hamilton (resigned 30 June 2021)
A C Herring
R I White (Chairman)
A J Henderson
C Netherton
S R Woodhouse

TRANSFER OF COLLEAGUES

In 2020 the second stage of business integration and legal entity rationalisation progressed further, and there were TUPE transfer arrangements whereby, after a consultation process, some of the employees of former JLT Companies and their pension scheme liabilities transferred into the Company, centralising the employment of colleagues within the United Kingdom for the Risk & Insurance solutions operations of MMC. On 1 January 2020, the employees of JLT Reinsurance Brokers Limited and JLT Management Services Limited transferred into the Company. On 1 March 2020 the employees of JLT Specialty Limited transferred into the Company. This has substantially increased the size of the Company.

CAPITAL CONTRIBUTION

At 1 January 2020, the Company had an intercompany payable to its parent, MMC UK Group Limited, of £168 million. During the year the Company took on net pension liabilities from three legacy JLT entities. The consideration paid by the JLT entities in respect of the transfer of these liabilities was less than the total net liability transferred. As the Company had a deficit on distributable reserves at the time of transfer, MMC UK Group Limited provided capital to the Company of amount equal to the difference between the consideration paid by the JLT entities and the net pension liability transferred. This capital was outstanding on the Company's intercompany payable balance with MMC UK Group Limited at 31 December 2020 and will be settled in 2021.

FUTURE DEVELOPMENTS

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

GOING CONCERN

The directors have no plans for a change in the principal activities of the Company or any intention to liquidate the Company in the foreseeable future. The directors acknowledge the Company's net current liability position of £93 million (*2019: £69 million*) and have evaluated funding options available to the Company. Following this evaluation they are satisfied that any obligations can be met. These financial statements are therefore presented on a going concern basis.

The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic, and the directors are satisfied that the Company's services will continue to be required from its MMC Group of companies.

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.

DIVERSITY AND INCLUSION

The Company embraces a diverse and inclusive culture. The directors believe that, in order to deliver the best solutions to clients, the Company's workforce should reflect the local community in which it operates.

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 training programme to raise awareness amongst all UK colleagues to ensure that they are mindful of the risks of modern day slavery.

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

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has put in place an indemnity in its Articles of Association to indemnify directors and officers of the Company against losses or liabilities sustained in the execution of their duties of office. The indemnity is a qualifying third party indemnity provision under s232 and s234 of the Companies Act 2006, inserted by the Companies (Audit, Investigations and Community Enterprise) Act 2004.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

GREENHOUSE GAS EMISSIONS,ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

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

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

The Company's employees operate from offices that are owned or leased, but which are managed centrally. The majority of the staff employed by the Company are seconded to other MMC UK companies and provide risk management, insurance and reinsurance broking services.

A summary of the energy utilisation and carbon emissions of the staff provided by the Company to operating companies is included in the SECR reporting of MMC UK Group Limited.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

POST BALANCE SHEET EVENTS

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

AUDITOR

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

This report was approved by the board on 1 September 2021 and signed on its behalf.

Anne Jo Henderson.

A J Henderson
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSH SERVICES LIMITED

Report on the audit of the financial statements

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss 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 23.

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

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

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

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

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- assessing other market altering factors such as Covid-19 by looking at the operational impact and business continuity plans;
- evaluating management's projections for the subsequent 12-month period from the date of signing for reasonableness, including an assessment of management's stress testing; and
- assessing the going concern disclosures included within the financial statements

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

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

Other information
The directors are responsible for the other information contained within the annual report. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

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

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

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

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

Report on other legal and regulatory requirements

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

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report 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 SERVICES LIMITED (CONTINUED)

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

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

We have nothing to report in respect of these matters.

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

Adam Knight, FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

London
United Kingdom

Date: 1 September 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £M	2019 £M
Turnover	4	637	495
Gross profit		637	495
Administrative expenses		(679)	(515)
Other operating income		1	-
Operating loss		(41)	(20)
Interest payable and expenses	8	(4)	(5)
Other finance income	9	14	26
(Loss)/profit before tax		(31)	1
Tax on (loss)/profit	10	8	2
(Loss)/profit for the financial year		(23)	3
Other comprehensive (expense) / income for the year			
Actuarial losses on defined benefit pension scheme	19	(29)	(67)
Deferred tax (expense)/income relating to pension surplus	13	(8)	11
Actuarial gains relating to other retirement benefits	20	1	2
Actuarial losses relating to incapacity benefits		-	(1)
Other comprehensive expense for the year		(36)	(55)
Total comprehensive expense for the year		(59)	(52)

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

All transactions derive from continuing activities.

The notes on pages 25 to 49 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £M		*2019 £M*
Current assets					
Debtors: amounts falling due after more than one year	11	5		4	
Debtors: amounts falling due within one year	11	215		61	
Cash at bank and in hand		2		1	
		222		66	
Creditors: amounts falling due within one year	12	(843)		(844)	
Net current liabilities			(621)		(778)
Total assets less current liabilities			(621)		(778)
Provisions for liabilities					
Deferred tax	13	(124)		(146)	
Other provisions	14	(15)		(14)	
			(139)		(160)
Pension asset			668		872
Post-retirement medical benefit			(1)		(3)
Net liabilities			(93)		(69)
Capital and reserves					
Profit and loss account	16		(93)		(69)
			(93)		(69)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 September 2021.

A J Henderson
Director

The notes on pages 25 to 49 form part of these financial statements.

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

	Profit and loss account	Total equity
	£M	£M
At 1 January 2020	(69)	(69)
Comprehensive expense for the year		
Loss for the year	(23)	(23)
Actuarial losses on pension scheme	(29)	(29)
Deferred tax movements	(8)	(8)
Actuarial gains relating to other retirement benefits	1	1
Total other comprehensive expense for the year	(36)	(36)
Total comprehensive expense for the year	(59)	(59)
Credit to equity for equity settled share based payments	35	35
Total transactions with owners	35	35
At 31 December 2020	(93)	(93)

The notes on pages 25 to 49 form part of these financial statements.

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

	Profit and loss account £M	Total equity £M
At 1 January 2019	(39)	(39)
Comprehensive income for the year		
Profit for the year	3	3
Actuarial gains on defined benefit pension scheme	(67)	(67)
Deferred tax movements	11	11
Actuarial gains relating to other retirement benefits	2	2
Actuarial losses relating to incapacity benefits	(1)	(1)
Total other comprehensive expense for the year	(55)	(55)
Total comprehensive expense for the year	(52)	(52)
Credit to equity for equity settled share based payments	22	22
Total transactions with owners	22	22
At 31 December 2019	(69)	(69)

The notes on pages 25 to 49 form part of these financial statements.

1. GENERAL INFORMATION

Marsh Services Limited is a private company limited by shares 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 Company Information page at the beginning of these financial statements. The nature of the Company's operations and its principal activities are set out in the strategic report and the directors' report on pages 1 to 15.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Marsh & McLennan Companies Inc. as at 31 December 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review which forms part of the Strategic Report.

The Strategic Report also describes the financial position of the Company; its cash flows and liquidity risk; and its exposure to credit risk and liquidity risk.

The Company meets its day-to-day working capital requirements from corporate cash balances. The current economic conditions resulting from the Covid-19 global pandemic, 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 MMC Group companies. 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, for a 12 month period so that the potential impact on profitability and liquidity could be assessed.

The Directors acknowledge the latest guidance on going concern. The Company continues to monitor the uncertainty in the current economic and business environment, and the directors are satisfied through the review of forecast and analyses that the services of Marsh Limited, for whom the Company ultimately provides most of its services, will continue to be attractive to the clients.

Having assessed the responses to their enquiries, including those related to Covid-19, and considered the available funding options for the Company's net current liability position of £93 million (*2019: £69 million*), the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. Accordingly, the directors continue to adopt going concern basis in preparing the annual report and financial statements.

2. ACCOUNTING POLICIES (continued)

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.5 TURNOVER

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

Rendering of services

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

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

Turnover represents fees receivable from other MMC Group companies for services provided and is recognised in the year to which it relates. All turnover arises in the United Kingdom.

2.6 INTEREST INCOME

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

2. ACCOUNTING POLICIES (continued)

2.7 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

Finance cost comprises interest payable on funds borrowed. Interest payable is recognised in the income statement as it accrues.

The difference between interest payable in the year and interest actually paid is shown as an accrual in the statement of financial position.

2.8 PENSIONS AND OTHER POST-RETIREMENT BENEFITS

Defined benefit pension plan

For the defined benefit section of the pension scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Comprehensive Income.

The net interest cost on the net defined benefit liability is shown within finance costs.

Remeasurement compromising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded with the assets of the scheme held separately from those of the Company, in a separate trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are prepared annually by a professionally qualified actuary employed within the Marsh & McLennan Companies, Inc. Group.

The Company participates in defined benefit plans that share risks between entities under common control. The policy for charging the defined benefit costs is determined for each defined benefit plan based on an allocation of accounting liabilities for each member between the employers participating in the plan. The share of each plan's assets attributable to the Company is determined based on the Company's share of the accounting liabilities in the plan.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax.

2. ACCOUNTING POLICIES (continued)

2.9 PENSIONS AND OTHER POST-RETIREMENT BENEFITS (continued)

Defined contribution pension plan

For the defined contribution section of the pension scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Post-retirement medical benefits

The Company also operates an unfunded non-contributory scheme for medical benefits, whereby defined medical benefits are provided to current and retired UK members who started their services with the Company on or prior to 1 December 1988 and completed five years of service with the Company at retirement.

2.10 SHARE-BASED PAYMENTS

The Company's ultimate parent company, Marsh & McLennan Companies Inc. ("MMC"), maintains multiple equity settled share-based payment arrangements in the UK, under which employees are awarded grants of Stock Options and Save As You Earn (SAYE) awards, Stock Awards and Share Purchase Plans.

Share-based payments are measured at the fair value at grant, expensed over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Stock Options vest at 25% per annum beginning one year from the date of grant, and have a maximum contractual term of 10 years.

Fair value is measured using either the Black-Scholes pricing model (no market-based triggering event) or the Binomial valuation model (market based triggering event). The expected life used in the models is estimated using the contractual term of the option and the effects of employees' expected exercise and post-vesting employment termination behaviour.

SAYE awards vest over a period of either 3 or 5 years. Options must be exercised within 6 months of vesting.

Stock Awards vest over a period of up to 5 years, after taking into account the estimated effect of forfeitures. Members are entitled to receive dividend payments during the vesting period.

The Company also provides employees with the ability to purchase MMC's ordinary shares at 95% of the current market value. The Company records an expense, based on the 5% discount, on the date the shares are purchased.

2. ACCOUNTING POLICIES (continued)

2.11 CURRENT AND DEFERRED TAXATION

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

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

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

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

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

2.12 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.

2.13 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 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. ACCOUNTING POLICIES (continued)

2.15 PROVISION FOR LIABILITIES

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

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

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

2.16 INCAPACITY PROVISION

The incapacity provision comprises the current value of expected future amounts payable to or on behalf of staff on the long-term disability scheme, net of amounts covered by insurance. Payments are expected to be made over a number of years in the future. The interest cost is charged to the profit and loss account, and included within other finance charges. Payments made to beneficiaries are charged to the provision, and actuarial adjustments to the provision are taken to other comprehensive income.

2.17 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.

2. ACCOUNTING POLICIES (continued)

2.17 FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

2.18 DIVIDENDS

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

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

- the Company's working capital requirements to sustain its business plans,
- 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 Company has no critical judgements, 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.

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

(i) Pension and other post-retirement benefits

The cost of defined benefit pension plan and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the plan, such estimates are subject to significant uncertainty. Further details are provided in note 19.

(ii) Deferred tax

Deferred tax timing differences have been provided at tax rates enacted at the balance sheet date which are expected to apply when the timing differences are expected to reverse. Deferred tax balances are reviewed and only recognised to the extent that it is probable that future taxable profits will allow the asset to be recovered.

(iii) Incapacity benefits

The incapacity provision comprises the current value of expected future amounts payable to or on behalf of staff on the long–term disability scheme, net of amounts covered by insurance. Payments are expected to be made over a number of years in the future.

(iv) Payroll tax provision

The payroll tax provision relates to National Insurance Contributions which are payable on exercise of employee shared-based remuneration. The amount payable is dependent on Marsh & McLennan Companies, Inc.'s share price at the date of vesting. The provision has been calculated based on the number of shares expected to vest and the share price at the balance sheet date.

4. TURNOVER

Turnover represents fees receivable from other MMC Group companies for services provided.

	2020 **£M**	*2019* *£M*
United Kingdom	637	495
	637	495

All turnover arose within the United Kingdom.

5. AUDITOR'S REMUNERATION

In 2020 the Company paid £0.2 million in audit fees (2019: £0.2 million) to the Company's auditor relating to the auditing of the financial statements.

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

6. EMPLOYEES

Staff costs were as follows:

	2020 **£M**	*2019* *£M*
Wages and salaries	547	426
Social security costs	73	50
Cost of defined benefit scheme	12	5
Cost of defined contribution scheme	29	22
	661	503

The average monthly number of employees, including the directors, during the year was as follows:

	2020 **No.**	*2019* *No.*
Insurance broking, reinsurance broking and risk management	4,495	3,549
Technical support, management and administration	856	897
	5,351	4,446

During the year the number of employees increased significantly primarily due to TUPE consultations taking place involving people who were formally employed by JLT Reinsurance Limited, JLT Specialty Limited and JLT Management Services Limited. These changes to people's employing companies took place as part of a wider Group initiative to rationalise the number of operating companies in the UK.

7. DIRECTORS' REMUNERATION

The directors are employed by the Company, however the directors are also executives of other MMC Group companies. In such circumstances, it is not practicable to allocate their time, and therefore their remuneration between service as a director to the Company and their service as executives to other MMC Group companies. The remuneration of the directors is therefore borne by other MMC Group companies.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 **£M**	*2019* *£M*
Bank interest payable	1	2
Loans from MMC Group undertakings	3	3
	4	5

9. OTHER FINANCE INCOME

	2020 £M	2019 £M
Net finance income relating to pension scheme	14	26
	14	26

10. TAXATION

	2020 £M	2019 £M
CORPORATION TAX		
Current tax on (loss)/profit for the year	(6)	(6)
	(6)	(6)
TOTAL CURRENT TAX	(6)	(6)
DEFERRED TAX		
Current year	(2)	4
TOTAL DEFERRED TAX	(2)	4
TAX ON (LOSS) / PROFIT	(8)	(2)

10. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2020 **£M**	*2019* *£M*
(Loss) / profit before tax	(31)	1
(Loss) / profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(6)	-
EFFECTS OF:		
Changes to tax rates	(1)	-
Other differences leading to a decrease in the tax charge	(1)	(1)
Other timing differences leading to a increase/(decrease) in taxation	-	(1)
TOTAL TAX CREDIT FOR THE YEAR	(8)	(2)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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

11. DEBTORS

	2020 **£M**	*2019* *£M*
Due after more than one year		
Deferred tax	5	4
	5	4

	2020 **£M**	*2019* *£M*
Due within one year		
Amounts owed by MMC Group undertakings	195	46
Other debtors	3	3
Amounts recoverable from group undertakings - tax	13	12
Deferred tax	4	-
	215	61

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

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 **£M**	*2019* *£M*
Bank overdrafts	282	281
Amounts owed to group undertakings	528	539
Other taxation and social security	2	1
Other creditors	-	2
Accruals and deferred income	31	21
	843	844

Within amounts owed to group undertakings there is a loan of £125.3 million which attracts interest at 1.945% and a loan of £14.4 million which attracts interest at 0.345%.

All other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13. DEFERRED TAXATION

	2020 £M	*2019 £M*
At beginning of year	(142)	(149)
Charged to profit or loss	1	(4)
Charged to other comprehensive income	(8)	11
Arising on business combinations	34	-
At end of year	(115)	(142)

The deferred tax balance is made up as follows:

	2020 £M	*2019 £M*
Other timing differences	9	4
Pension and post retirement benefit obligations	(124)	(146)
	(115)	(142)
Comprising:		
Asset - due after one year	5	4
Asset - due within one year	4	-
Liability	(124)	(146)
	(115)	(142)

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

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

The Budget announcement on 3 March 2021 included an increase in the UK Corporation Tax rate to 25% from 1 April 2023. If this tax rate had been substantively enacted at the balance sheet date, the deferred tax liability would be £36 million higher.

There are no unrecognised deferred tax balances.

14. OTHER PROVISIONS

	Incapacity benefits £M	Payroll tax provision £M	Total £M
At 1 January 2020	6	8	14
Charged to profit or loss	-	2	2
Utilised in year	(1)	-	(1)
At 31 December 2020	5	10	15

The incapacity provision comprises the current value of expected future amounts payable to or on behalf of staff on long-term disability scheme, net of amounts covered by insurance. Payments are expected to be made over a number of years in the future.

The payroll tax provision relates to National Insurance Contributions (NIC) which will become payable on the exercise of employee share-based remuneration. The amount payable is dependent on Marsh & McLennan Companies, Inc.'s share price at the date of vesting. The provision has been calculated based on the number of shares expected to vest and the share price at the balance sheet date of $116.50 (2019: $110.96).

15. SHARE CAPITAL

	2020 £	*2019 £*
ALLOTTED, CALLED UP AND FULLY PAID		
1,000 (2019 - 1,000) Ordinary shares of £1.00 each	1,000	1,000

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

16. RESERVES

Profit and loss account

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

17. SHARE BASED PAYMENTS

The Company's ultimate parent company, Marsh & McLennan Companies, Inc., maintains multiple equity-settled share-based payment arrangements in the UK, under which employees are awarded grants of stock options and Save As You Earn (SAYE) awards, Shares Awards and Share Purchase arrangements (Share Purchase Plan and Share Incentive Plan).

As no benefit is granted by the Company under the Share Incentive Plan, this plan does not fall under the scope of FRS 102.

18. CONTINGENT LIABILITIES

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 2020 the Company had a total overdrawn of £282 million (2019: £281 million) and so had no exposure under the agreements at that time but could in the future have a liability if its funds in the pool became a positive cash balance. The other members of the pooling arrangements are companies fully owned by Marsh & McLennan Companies, Inc.

19. PENSION COMMITMENTS

The Company operates a defined benefit pension scheme in the UK.

The existing sections of the Fund closed to all future benefit accrual with effect from 1 August 2014. Pension benefits accrued prior to that date retain the link to future salary growth or career revaluation, as applicable. In addition the vast majority of the JLT Pension Scheme's obligations and assets are attributable to the Company.

A comprehensive actuarial valuation of the defined benefit sections was carried out at 31 December 2020 by a qualified actuary (who is employed within the Marsh & McLennan Companies Group), based on membership data at 31 December 2019 in respect of the Fund, as at 31 December 2020 for the unapproved plan pensioners and as at 31 March 2020 in respect of the JLT Pension Scheme. The valuation made an approximate allowance since the date of the membership data for known cashflows, inflation experience and the estimated effect of changes in assumptions.

Following the outcome of a High Court case on 20 November 2020, transfers out of the UK Plans between May 1990 and October 2018 need to be revisited and equalised for GMP (if applicable). An allowance for GMP equalisation of £6,968,000 in respect of historic transfers out has been included in 2020 and treated as a past service cost.

The statutory funding objective is for the defined benefit plans to have sufficient and appropriate assets to pay their benefits as they fall due (the technical provisions). The general funding principles are that the technical provision assumptions taken as a whole will be sufficiently prudent, including appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the technical provisions could be insufficient to provide benefits in the future.

A statutory funding valuation was carried out during 2019 for the Fund. The Fund is in a surplus funding position and under the current agreement with the Trustee, no deficit funding is required until 2023. The funding level will be re-assessed during 2022 to determine if deficit contributions are required from 2023.

A statutory funding valuation is being carried out in respect of the JLT Pension Scheme. Deficit contributions of about £21 million per annum are currently being paid by the Company to the JLT Scheme and a new deficit funding plan of £33 million per annum is being agreed, effective 1 April 2021 to 31 December 2028.

The Company participates in defined benefit plans that share risks between entities under common control. The policy for charging the defined benefit costs is determined for each defined benefit plan based on an allocation of accounting liabilities for each member between the employers participating in the plan. The share of each plan's assets attributable to the Company is determined based on the Company's share of the accounting liabilities in the plan.

The Company also operates unfunded unapproved pension benefits that cannot be provided through the fund.

19. PENSION COMMITMENTS (continued)

Reconciliation of present value of plan liabilities:

	2020 £M	*2019 £M*
Reconciliation of present value of plan liabilities		
At the beginning of the year	4,103	3,660
Interest cost	96	103
Increase due to business combination/transfer	692	-
Benefits paid	(192)	(159)
Effect of changes in assumptions/experience adjustments	555	499
Loss on plan changes, settlement or curtailment	7	-
At the end of the year	5,261	4,103

Composition of plan liabilities:

	2020 £M	*2019 £M*
Funded	5,240	4,085
Unfunded	21	18
Total plan liabilities	5,261	4,103

Reconciliation of present value of plan assets:

	2020 £M	*2019 £M*
At the beginning of the year	4,975	4,572
Interest income	110	129
Administration expenses	(5)	(5)
Increase due to business combination	492	-
Contributions	23	6
Benefits paid	(192)	(159)
Return on plan assets (excluding interest income)	526	432
At the end of the year	5,929	4,975

19. PENSION COMMITMENTS (continued)

Composition of plan assets:

	2020 £M	*2019 £M*
Cash and cash equivalents	49	22
Equity instruments	1,533	1,338
Government bonds/LDI instruments	1,786	1,341
Other debt instruments	2,167	2,071
Real estate	214	218
Other	180	(15)
Total plan assets	5,929	4,975

	2020 £M	*2019 £M*
Fair value of plan assets	5,929	4,975
Present value of plan liabilities	(5,261)	(4,103)
Net pension scheme asset	668	872

The amounts recognised in the statement of comprehensive income are as follows:

	2020 £M	*2019 £M*
Administration expenses	(5)	(5)
Net interest income	14	26
Loss on plan changes, settlement or curtailment	(7)	-
Total	2	21
Effect of changes in assumptions	(528)	(475)
Effect of experience adjustments	(27)	(24)
Return on plan assets (excluding interest income)	526	432
	(29)	(67)

19. PENSION COMMITMENTS (continued)

Reconciliation of fair value of plan assets were as follows:

	2020	*2019*
	£M	*£M*
Opening net defined benefit asset	872	912
Interest income on pension scheme assets	14	26
Losses on curtailments and settlements	(7)	-
Actuarial losses	(29)	(67)
Administration expenses	(5)	(5)
Contributions by employer	23	6
Increase in obligations due to business combination	(200)	-
	668	872

The Company expects to contribute £38 million to its defined benefit pension scheme in the UK in 2021.

If future life expectancy for all members were to increase by an additional year then this would increase the liabilities for FRS 102 purposes by about 4.5%. A change in the life expectancy assumption at the year-end balance sheet date also leads to an increase in the following year's interest cost charges to the profit and loss account. This would be partly mitigated by a longevity swap that covers most of the pensioner members and would create an asset gain if life expectancy increases by one year.

19. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2020 **%**	*2019* *%*
Weighted average assumptions to determine benefit obligations		
Discount rate	1.40	2.06
Future salary increases	2.92	2.80
Rate of price inflation (RPI)	2.78	2.73
Rate of price inflation (CPI)	2.24	2.11
Rate of statutory pension increase in deferment	2.24	2.11
Assumed life expectations on retirement at age 65		
- for a male aged 65 now	23.4	23.6
- at 65 for a male aged 45 now	24.6	24.7
- for a female aged 65 now	25.3	25.4
- at 65 for a female member aged 45 now	26.3	26.6
Weighted average assumptions to determine cost relating to defined benefit plans		
Discount rate	2.06	2.87
Rate of salary increase	2.80	2.90
Rate of price inflation (RPI)	2.73	3.15
Rate of price inflation (CPI)	2.11	2.15

19. PENSION COMMITMENTS (continued)

Defined contribution scheme

Prior to 1 August 2014, the Group also operated a defined contribution scheme for employees who were not eligible or chose not to join the defined benefit scheme.

From 1 August 2014, the Company's defined benefit section of the pension scheme and the existing defined contribution plan were both closed to future benefit accrual. All future pension benefits from 1 August 2014 are provided under a new defined contribution section of the pension scheme. The Company made defined contribution payments of £29 million during 2020 (2019: £22 million).

On 27 November 2019, the Company entered into an agreement with the Trustees of the Jardine Lloyd Thompson Pension Scheme whereby it became a participating employer in the Scheme, with the intent of assuming the Scheme obligations of JLT Management Services Limited, JLT Reinsurance Brokers Limited and JLT Specialty Limited via a Flexible Apportionment Arrangement that was subsequently implemented with effect from 1 January 2020. The Jardine Lloyd Thompson Pension Scheme had a deficit under FRS 102 of around £200 million at 31 December 2019, the vast majority of which was apportioned to Marsh Services Limited on 1 January 2020. This net defined benefit liability of £200 million was transferred to Marsh Services Limited via Flexible Apportionment Arrangements on 1 January 2020 for JLT Management Services Limited and JLT Reinsurance Brokers Limited and on 25 February 2020 for JLT Specialty Limited.

20. POST-RETIREMENT MEDICAL

The Company operates an unfunded non-contributory scheme for medical benefits. As part of this scheme, defined medical benefits are provided to certain retired UK members who started their services with the Company on or prior to 1 December 1988 and completed five years of service with the Company at retirement. This group of pensioners is entitled to fully insured benefits in retirement for themselves, their spouses and eligible dependants. On a pensioner’s death the benefit continues for the widow or widower until their death. As at 31 December 2020 there were 249 *(2019: 315)* pensioners and 1 *(2019: nil*) active members in receipt of these benefits.

A full actuarial valuation of the accrued liability and annual charge in respect of post retirement medical benefit was carried out as at 31 December 2020 by a qualified actuary (who is employed by the Company). The method used was the project unit method. The major assumptions used for the actuarial valuation were (in nominal terms):

Assumptions	**31 December 2020**	**31 December 2019**	**31 December 2018**	**31 December 2017**	**31 December 2016**
Gross interest rate	1.3%	1.8%	2.9%	2.6%	2.7%
Medical cost trend rate for one year	5.4%	5.4%	5.4%	5.4%	6.8%
Medical cost trend rate after one year	5.4%	5.4%	5.4%	5.4%	5.4%

Interest on scheme liabilities in 2020 in respect of post retirement medical benefits under the requirement of FRS 102 that were recognised in the statement of comprehensive income in the year to 31 December 2020 was £0.04 million (2019: £0.1 million).

20. POST-RETIREMENT MEDICAL (continued)

The following amounts have been recognised in the performance statements in the year to 31 December 2020 in respect of post retirement medical benefits under the requirements of FRS 102:

	2020 £M	*2019* *£M*
Analysis of the actuarial gain in the Comprehensive Income Statement		
Effects of changes in assumptions underlying the present value of scheme liabilities	1.2	2.0
Actuarial gain	1.2	2.0

	2020 £M	*2019* *£M*
Movement in scheme liability during the year:		
Liability in the scheme at 1 January	(3)	(4)
Utilisation of provision	1	(1)
Actuarial gain	1	2
Liability in the scheme at 31 December	(1)	(3)

History of experience gains and losses	**2020**	**2019**	**2018**	**2017**	**2016**
Experience gains/(losses) on scheme liabilities:					
Amount (£'m)	0.04	0.1	0.1	0.8	0.4
Percentage of the present value of the scheme liabilities (%)	3.2%	3.5%	4.8%	12.3%	7.0%
Total actuarial gain/(loss) recognised gains and losses:					
Amount (£'m)	1.17	1.8	2.4	(1.4)	1.9
Percentage of the present value of the scheme liabilities (%)	77.9%	60.0%	57.1%	21.5%	33.3%

21. RELATED PARTY TRANSACTIONS

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

22. POST BALANCE SHEET EVENTS

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

23. CONTROLLING PARTY

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

The smallest and largest group in which the results of Marsh Services 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.