

Registered number: 00061161

TOWER HILL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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TOWER HILL LIMITED

COMPANY INFORMATION

Directors

C W Godwin
J M Pickford

Registered number

00061161

Registered office

1 Tower Place West
Tower Place
London
EC3R 5BU

TOWER HILL LIMITED

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TOWER HILL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

INTRODUCTION

The directors present their strategic report for Tower Hill Limited (the 'Company') for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company, within the Marsh & McLennan Companies, Inc. group of companies ('MMC' or 'the Group').

The profit for the year, before taxation, amounted to £774,000 (2021 - profit £293,000).

The 2022 profit before taxation mainly relates to dividends received of £160,000 (2021 - £143,000) and a revaluation gain on the Company's investment of £625,000 (2021 - revaluation gain £173,000).

The results of the Company for the year ended 31 December 2022 are set out in the financial statements on pages 8 - 21.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

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

IMPAIRMENT RISK

As an intermediate holding entity, the Company is reliant on positive trading results from its active subsidiaries to ensure dividend income is received and impairments in the carrying value of its investments are not required. The results of the trading subsidiaries are subject to a number of risks, including competition from other providers, outsourcing of key tasks, availability of IT systems, cyber attacks and political events such as the situation in Ukraine. The Company's subsidiary undertakings mitigate these risks through a number of approaches including regular review and enhancement of the offering to clients to mitigate the risk of loss of business to competitors and active communication with Group IT functions and colleague training and awareness campaigns as well as regular patching and security updates to mitigate the risk of availability of IT systems and cyber attack. The risk of outsourcing is mitigated through monitoring of contracts and deliveries against agreements and key performance indicators and political risk is assessed through regional and Group level dedicated incident management forums, aligning the Company's responses to both local governmental and Group corporate guidance. Ongoing risk assessments continue to monitor all the enterprise risk categories to support executive decision making.

This report was approved by the board and was signed on its behalf on 13 September 2023.



C W Godwin
Director

TOWER HILL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

During the year under review, the Company continued to act as an investment holding company.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £550,000 (2021 - profit £114,000).

No interim dividend was paid during the year ended 31 December 2022 (2021 - £nil). The directors do not recommend the payment of a final dividend (2021 - £nil).

DIRECTORS

The directors who served during the year were:

C W Godwin
J M Pickford

GOING CONCERN

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

The Company continues to monitor the uncertainty in the current economic and business environment.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2.3 to the financial statements.

FUTURE DEVELOPMENTS

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

QUALIFYING THIRD PARTY INDEMNITY PROVISION

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

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.

TOWER HILL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITOR

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006.

This report was approved by the board and was signed on its behalf on 13 September 2023.



C W Godwin
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 FRS 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 TOWER HILL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Tower Hill Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 18.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

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 including those that are specific to the Company's business sector.

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

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

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

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

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

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

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

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.

Matters on which we are required to report by exception

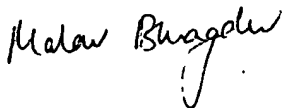
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Malav Bhagdev, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 15 September 2023

TOWER HILL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	2021
	Note	£'000	£'000
Dividend income	4	<u>160</u>	<u>143</u>
Gross profit		160	143
Administrative expenses		(1)	(1)
Other operating income	5	<u>625</u>	<u>173</u>
Operating profit		784	315
Interest payable and similar expenses	8	<u>(10)</u>	<u>(22)</u>
Profit before tax		774	293
Tax on profit	9	<u>(224)</u>	<u>(179)</u>
Profit for the financial year		<u><u>550</u></u>	<u><u>114</u></u>

All transactions derive from continuing activities.

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021 - £nil).

The notes on pages 12 to 21 form part of these financial statements.

TOWER HILL LIMITED
REGISTERED NUMBER : 00061161

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	10	<u>4,146</u>	<u>3,521</u>
		4,146	3,521
Current assets			
Cash at bank and in hand	11	<u>419</u>	<u>294</u>
		419	294
Creditors: amounts falling due within one year	12	<u>(8)</u>	<u>(7)</u>
Net current assets		<u>411</u>	<u>287</u>
Total assets less current liabilities		4,557	3,808
Provisions for liabilities			
Deferred tax	13	<u>(855)</u>	<u>(656)</u>
		<u>(855)</u>	<u>(656)</u>
Net assets		<u>3,702</u>	<u>3,152</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	<u>3,701</u>	<u>3,151</u>
		<u>3,702</u>	<u>3,152</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2023.



C W Godwin
Director

The notes on pages 12 to 21 form part of these financial statements.

TOWER HILL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2022	1	3,151	3,152
Comprehensive expense for the year			
Profit for the year	<u>–</u>	<u>550</u>	<u>550</u>
Total comprehensive expense for the year	<u>–</u>	<u>550</u>	<u>550</u>
Total transactions with owners	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2022	<u>1</u>	<u>3,701</u>	<u>3,702</u>

The notes on pages 12 to 21 form part of these financial statements.

TOWER HILL LIMITED

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

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2021	1	3,037	3,038
Comprehensive expense for the year			
Profit for the year	—	114	114
	—	114	114
Total comprehensive expense for the year	—	114	114
	—	—	—
Total transactions with owners	—	—	—
	—	—	—
At 31 December 2021	1	3,151	3,152

The notes on pages 12 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 GENERAL INFORMATION

Tower Hill Limited is a company incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on the information page. Tower Hill Limited is a private company limited by shares. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 2022 and these financial statements may be obtained from the address in note 19.

2.3 GOING CONCERN

The Company meets its day-to-day working capital requirements from corporate cash balances. The current economic conditions create uncertainty particularly over the exchange rate between sterling and foreign currencies. The Company continues to monitor the uncertainty in the current economic and business environment. This monitoring and analysis considered our business resilience and continuity plans of the Company's investments and stress testing of liquidity and financial resources. The analysis modelled the financial impact assuming an increasing severity of impact in relation to revenue and certain costs, for a 12-month period so that the potential impact on profitability and liquidity could be assessed.

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

The directors acknowledge the latest guidance on going concern. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months from the date of the approval of the financial statements and, therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 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 DIVIDEND INCOME

Dividends from investments are accounted for when declared.

2.6 INTEREST INCOME

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

2.7 FINANCE COSTS

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

2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2 ACCOUNTING POLICIES (CONTINUED)

2.9 VALUATION OF INVESTMENTS

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

2.10 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.

2.11 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.

2.12 PROVISIONS FOR LIABILITIES

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

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

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

2.13 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 non-puttable 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2 ACCOUNTING POLICIES (CONTINUED)

2.13 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.

2.14 DIVIDENDS

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

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

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

Equity dividends are recognised when they become legally payable.

TOWER HILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 may be required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

Any estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The directors have reviewed the critical judgements (apart from those involving estimations) in applying the Company's accounting policies and consider that there are no critical accounting judgements.

Key sources of estimation uncertainty

Management have considered key sources of estimation uncertainty. There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4 DIVIDEND INCOME

	2022	2021
	£'000	£'000
Dividends receivable	160	143
	<u>160</u>	<u>143</u>

5 OTHER OPERATING INCOME

	2022	2021
	£'000	£'000
Unrealised gain on quoted security	625	173
	<u>625</u>	<u>173</u>

The unrealised gain on a quoted security arose as a result of the revaluation of an investment to its fair market value.

6 AUDITOR'S REMUNERATION

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £12,000 (2021 - £10,000).

The audit fee and annual filing fees were borne by a fellow subsidiary undertaking during the year.

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

TOWER HILL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7 INFORMATION REGARDING DIRECTOR'S AND EMPLOYEES

The Company has no employees. The contracts of employment are with, and the remuneration of employees and directors is paid by other companies in the Marsh & McLennan Companies, Inc. group.

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

8 INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Bank interest payable	1	1
Foreign exchange losses	9	21
	<u>10</u>	<u>22</u>

9 TAX ON PROFIT

	2022	2021
	£'000	£'000
Foreign tax		
Foreign tax on income for the year	25	22
Total current tax	<u>25</u>	<u>22</u>
Deferred tax		
Origination and reversal of timing differences	156	157
Adjustments in respect of previous periods	43	–
Total deferred tax	<u>199</u>	<u>157</u>
Taxation on profit	<u>224</u>	<u>179</u>

TOWER HILL LIMITED

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9 TAX ON PROFIT (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£'000	£'000
Profit before tax	<u>774</u>	<u>293</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	147	56
EFFECTS OF:		
Adjustments to tax charge in respect of prior periods	43	–
Changes to tax rates	–	157
Non-taxable income	(30)	(60)
Foreign tax	25	22
Other differences leading to an increase in the tax charge	37	–
Group relief for nil consideration	<u>2</u>	<u>4</u>
TOTAL TAX CHARGE FOR THE YEAR	<u>224</u>	<u>179</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The UK Corporation Tax rate increased from 19% to 25% with effect from 1 April 2023.

The OECD's 'Pillar 2' is a framework for the introduction of a global minimum effective tax rate of 15%, applicable to large multinational groups, which could impact the tax charge of the Company in future periods. Within Finance (No. 2) Act 2023, which received Royal Assent on 11 July 2023, the UK Government has included legislation governing how Pillar 2 is intended to operate in the UK. The UK Government has committed to the implementation of these rules for accounting periods beginning on or after 31 December 2023. The legislation includes a qualified domestic minimum top-up tax, which will impose a top-up tax in the UK on low-taxed UK profits. The Group continues to review the legislation to better understand the impact. This legislation was not substantively enacted at 31 December 2022, and therefore has no impact upon the company's income statement or balance sheet.

TOWER HILL LIMITED

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10 FIXED ASSET INVESTMENTS

	Listed investments £'000
Cost or valuation	
At 1 January 2022	3,521
Revaluations	625
At 31 December 2022	4,146

The Company has an investment in shares of Sompo Holdings Inc. The listed investment is remeasured to market value using the quoted market price on the Tokyo Stock Exchange and translated to sterling at the closing rate.

Tax liability if sold at year end value:

	2022 £'000	2021 £'000
Tax charge	855	656
	855	656

A deferred tax liability in relation to any gain on any future sale of the investment has been recognised as the gain is no longer expected to be relieved under s171A TCGA 1992 by capital losses from other group companies.

11 CASH AT BANK AND IN HAND

	2022 £'000	2021 £'000
Cash at bank and in hand	419	294
	419	294

12 CREDITORS: Amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to group undertakings	8	7
	8	7

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

TOWER HILL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13 DEFERRED TAXATION

	2022	2021
	£'000	£'000
At beginning of year	656	499
Charged to profit or loss	199	157
At end of year	855	656

The provision for deferred taxation is made up as follows:

	2022	2021
	£'000	£'000
Short term timing difference	855	656
	855	656

Deferred tax timing differences have been provided for at the rate of 25%, being the rate enacted at the balance sheet date, and exclude any potential impact of the OECD's Pillar 2.

There are no unrecognised deferred tax balances.

In 2022 a deferred tax liability in relation to any gain on any future sale of the investment was recognised as the gain is no longer expected to be relieved under s171A TCGA 1992 by capital losses from other group companies.

14 SHARE CAPITAL

	2022	2021
	£'000	£'000
Allotted, called up and fully paid		
1,000 (2021 - 1,000) Ordinary shares of £1.00 each	1	1

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.

15 RESERVES**Profit and loss account**

Profit and loss account represents cumulative profits and losses, net of dividends paid.

16 RELATED PARTY TRANSACTIONS

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

TOWER HILL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17 POST BALANCE SHEET EVENTS

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

18 CONTROLLING PARTY

The Company's immediate parent company is MMC UK Group Limited, a company registered in England and Wales. The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., which is incorporated in Delaware, United States of America.

The smallest and largest Group in which the financial statements of the Company are consolidated is that headed by Marsh & McLennan Companies, Inc. whose registered address is 1166 Avenue of The Americas New York, Ny 10036, United States. The consolidated financial statements of Marsh & McLennan Companies, Inc. are available to the public and may be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

and also from:

The Company Secretary
Marsh & McLennan Companies UK Limited
1 Tower Place West
Tower Place
London
EC3R 5BU