

Company Registration No: 00149013

MARSH BROKERS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2017



MARSH BROKERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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STRATEGIC REPORT

The directors present their Strategic Report for Marsh Brokers Limited ("the Company") for the year ended 31 December 2017. The Company's registration number is 00149013.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company provides risk management, insurance and reinsurance broking services.

The Company is regulated by the Financial Conduct Authority.

The directors continued to review the Company's existing operations during the year. The Company no longer operates in the UK, Dubai and Qatar and only operates via its branch in Cyprus. The Cyprus branch is involved principally in marine insurance.

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

	Year ended 31 December 2017	Year ended 31 December 2016	Movement	Movement
	£m	£m	£m	%
Turnover	4.2	4.6	(0.4)	(9)
Administrative expenses	2.5	2.7	(0.2)	(7)
Profit before tax	1.6	2.5	(0.9)	(36)
Shareholders' funds	3.9	2.6	1.3	50

The Company's profit before tax for the year of £1.6 million decreased by £0.9 million compared to 2016 (2016: £0.4 million decrease).

Turnover decreased by £0.4 million when compared to 2016, mainly due to soft markets in the Company's existing marine portfolio during 2017, where there were decreases in vessel numbers insured and also decreases in premiums as a direct result of decreases in sums assured on vessels.

Administrative expenses decreased on the prior year by 7% to £2.5 million.

On 1 April 2018, the Company's branch in Cyprus transferred its business activities to a Cypriot legal entity, Marsh Insurance Brokers Limited, which is also a wholly owned subsidiary of the Company. The consideration received was equal to the value of the branch's net assets transferred and increased the cost of the Company's investment in Marsh Insurance Brokers Limited by EUR 2.5 million.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key risks and the associated mitigating factors are laid out below.

Availability of IT systems

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

Competitive risks

The nature of the current market combined with some very aggressive strategies from competitors puts significant pressure on the Company to retain existing business and to win new business. The Company mitigates this risk by continuing to enhance its value proposition to clients.

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

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Credit risk

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

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

Current turmoil in Greece

The Company is exposed to the risk presented by the current economic turmoil in Greece principally due to the proximity of Cyprus to Greece, the Company's main operations being in Cyprus. The Cypriot operation however has circumstances and a client base that helps to mitigate this risk in that almost all these clients operate global businesses using Cyprus as their headquarters. Contracts are almost all in United States dollars being the international currency of the shipping market. Furthermore, corporate cash is held outside of Greece and Cyprus.

Currency risk

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

Errors and omissions and other claims

The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company's insurance broking business. The Company mitigates this risk through regular review of company processes and, ultimately, securing appropriate insurance cover.

Interest rate risk

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

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

Liquidity/cash flow risk

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

Market Risk

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

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Outsourcing risk

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

People risks

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

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

Regulatory risk

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

By order of the Board



MARK CHESSHER

Director

7 SEPTEMBER 2018

Marsh Brokers Limited
1 Tower Place West
Tower Place
London
EC3R 5BU

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of Marsh Brokers Limited ("the Company") for the year ended 31 December 2017.

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

DIRECTORS

The current directors, and those who served throughout the year, except as noted, are as follows:

M N Baker		
J V Barker	(Non-Executive Chairman)	
P J Box	(Non-Executive Director)	
M C Chessher		
M A Weil	(Chief Executive)	Resigned 4 May 2018
S A H Williams		

RESULTS AND DIVIDENDS

The results of the Company for the financial year ended 31 December 2017 are set out on page 10.

The profit after tax for the financial year is £1.3 million (2016: profit of 2.0 million).

No dividends were declared during the year (2016: £69.5 million). The directors do not recommend the payment of a final dividend.

FUTURE DEVELOPMENTS

On 1 April 2018, the Company's branch in Cyprus transferred its business activities to a Cypriot legal entity, Marsh Insurance Brokers Limited, which is also a wholly owned subsidiary of the Company. The consideration received was equal to the value of the branch's net assets transferred and increased the cost of the Company's investment in Marsh Insurance Brokers Limited by EUR 2.5 million. This has been treated as a non-adjusting post statement of financial position event.

Management will review the Company's future activities and settle existing balances with counterparties. The Company is expected to cancel its registration with the Financial Conduct Authority in due course.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the annual report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in note 1 to the financial statements.

INDEMNITY

The Company has put in place an indemnity in the 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.

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each of the persons who are the directors of the Company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

AUDITOR

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:


MARK CHESSHER
Director

7 SEPTEMBER 2018

Marsh Brokers Limited
1 Tower Place west
Tower Place
London
EC3R 5BU

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 judgements and accounting estimates that are reasonable and prudent; 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 MARSH BROKERS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 of Marsh Brokers Limited (the 'Company') which comprise:

- the statement of income and retained earnings;
- the statement of financial position; 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MARSH BROKERS LIMITED (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MARSH BROKERS 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.



Colin Rawlings, (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

11 Sept 2018

MARSH BROKERS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS For the year ended 31 December 2017

	Note	2017 £m	2016 £m
TURNOVER	2	4.2	4.6
Administrative expenses		(2.5)	(2.7)
Other operating (losses)/gains	3	(0.1)	0.5
OPERATING PROFIT		1.6	2.4
Interest receivable and similar income	4	-	0.1
PROFIT BEFORE TAX	5	1.6	2.5
Tax on profit	9	(0.3)	(0.5)
PROFIT FOR THE YEAR		1.3	2.0
		<u>2017</u>	<u>2016</u>
		<u>£m</u>	<u>£m</u>
RETAINED PROFITS AT 1 JANUARY		2.6	18.3
Profit for the year		1.3	2.0
Transfer of share capital into distributable reserves		-	27.0
Transfer of share premium into distributable reserves		-	24.8
Dividend paid in year		-	(69.5)
RETAINED PROFITS AT 31 DECEMBER		3.9	2.6

The notes on pages 12 to 22 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	At 31 December 2017 £m	At 31 December 2016 £m
FIXED ASSETS			
Tangible assets	10	0.1	0.1
		<u>0.1</u>	<u>0.1</u>
CURRENT ASSETS			
Debtors: Amounts falling due within one year	11	3.2	3.0
Cash at bank and in hand	13	2.6	2.3
		<u>5.8</u>	<u>5.3</u>
CREDITORS: Amounts falling due within one year	14	(2.0)	(2.8)
NET CURRENT ASSETS		<u>3.8</u>	<u>2.5</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3.9</u>	<u>2.6</u>
NET ASSETS		<u>3.9</u>	<u>2.6</u>
CAPITAL AND RESERVES			
Called up share capital	18	-	-
Profit and loss account	19	3.9	2.6
SHAREHOLDER'S FUNDS		<u>3.9</u>	<u>2.6</u>

The notes on pages 12 to 22 form part of these financial statements.

The financial statements of Marsh Brokers Limited (registered number 00149013) were approved by the Board of Directors and authorised for issue on 7 SEPTEMBER 2018.

They were signed on its behalf by:


 MARK CHESSHER

M C Chessher
 Director

7 SEPTEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Marsh Brokers Limited is a company incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on page 5. Marsh Brokers Limited is a private company limited by shares. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 3.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Marsh Brokers Limited is considered to be Pounds Sterling because this is the currency of the primary economic environment in which the Company operates.

Marsh Brokers Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of:

- presentation of a Statement of Comprehensive Income;
- presentation of Statement of Changes in Equity;
- the presentation of a Statement of Cash Flows and related notes;
- disclosure of inter-group transactions within the wholly owned group;
- exposure to and management of financial risks; and
- remuneration of key management personnel.

Shareholders have been notified in writing and do not object to the disclosure exemptions. Group consolidated financial statements of Marsh & McLennan Companies, Inc. can be obtained from the addresses listed in note 23.

Going concern

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

The Company meets its day-to-day working capital requirements from corporate cash balances. The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's services and (b) the Company's cost base. However, the Company continues to monitor the uncertainty in the current economic and business environment and the directors are satisfied that the Company's services will continue to be attractive to clients.

The Company's forecasts and projections show that the Company should be able to generate positive cash flows for the foreseeable future.

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 the foreseeable future and therefore they continue to adopt the going concern basis in preparing the annual report and financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

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

(i) Rendering of services

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

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

(ii) Investment income

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

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

- All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments that are classified as payable or receivable within one year and which meet the below conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

- (d) There are no conditional returns or repayment provisions except for the variable rate return describe in (a) and prepayment provisions described in (c).

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled; or (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment, where applicable. Depreciation is calculated to write off the cost of the assets on a straight-line basis over the expected economic lives of the assets concerned.

The principal depreciation rates used are:

Leasehold improvements	10% per annum
Motor vehicles	20-22% per annum
Furniture and equipment	10-20% per annum
Software and Electronic Data Processing ("EDP") equipment	20-33% per annum

The carrying amounts of the Company's tangible fixed assets are reviewed as necessary to determine whether there is any indication of impairment.

Dividends

Dividends paid are accounted for when declared.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred taxation (continued)

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Impairment

Assets other than those measured at fair value, are assessed for indicators of impairment at each Statement of Financial Position date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Income and Retained Earnings as described below.

Financial assets

For the Company's assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For the Company's assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

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

Insurance broking assets and liabilities

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

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

In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the Statement of Financial Position as part of trade receivables. Acting as agent, Marsh Brokers Limited does not meet the definition of a financial institution under FRS 102 and accordingly has taken relief from providing additional disclosure in accordance with FRS 102.34.17-33.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the reporting date or at realisable rates were covered by forward exchange contracts. Foreign currency transactions are translated into Pounds Sterling at the rates of exchange on the dates the transactions occurred. Non-monetary assets and liabilities are translated into Pounds Sterling at the rate prevailing at the date of the transaction and are not subsequently revalued and are held at the historical rate.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign exchange (continued)

All gains and losses arising from foreign exchange transactions are recognised in the Statement of Income and Retained Earnings.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Company's accounting policies

The following is the critical judgement, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty

Company is not a financial institution

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

2. SEGMENT INFORMATION

An analysis of the Company's turnover by geographical market is set out below:

	2017 £m	2016 £m
United Kingdom	-	-
Rest of world	4.2	4.6

All of the above income relates to the rendering of services.

3. OTHER OPERATING (LOSSES)/GAINS

	2017 £m	2016 £m
Foreign exchange (losses)/gains	(0.1)	0.5

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

4. OTHER INVESTMENT INCOME

	2017 £m	2016 £m
Bank interest	-	0.1

5. PROFIT BEFORE TAX

Profit before tax is stated after charging:

Depreciation charges for tangible fixed assets were £21,255 (2016: £20,000).

The audit fee and annual filing fees were borne by a fellow subsidiary undertaking during the year. The audit fee attributable to the Company is £25,000 (2016: £10,000).

6. STAFF COSTS

Included within administrative expenses are the following staff costs:

	2017 £m	2016 £m
Staff costs:		
Wages and salaries	1.7	1.8
Social security costs	0.1	0.1
Other pension costs	0.1	0.1
	<u>1.9</u>	<u>2.0</u>

7. STAFF BENEFITS

The Company contributes on behalf of its Cyprus branch employees to Provident Funds which are held in Cyprus. At 31 December 2017 there were €0.6 million / £0.5 million (2016: €0.5 million / £0.4 million) of assets in these funds.

8. INFORMATION REGARDING DIRECTORS

Certain directors of the Company are also directors of a fellow group undertaking, Marsh Limited. The costs for these directors are disclosed in the financial statements of Marsh Limited, as the directors believe it is impractical to split the amounts for these directors between their services as directors of the Company and their services as directors or employees of other Marsh & McLennan Companies, Inc. Group companies.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

9. TAX ON PROFIT

The standard rate of tax applied to reported profit is 19.25% (2016: 20.00%).

	2017 £m	2016 £m
Tax on profit comprises:		
UK corporation tax	0.3	0.5
UK relief for foreign tax	(0.2)	(0.3)
Foreign tax	0.2	0.3
Total current tax	0.3	0.5
Deferred tax (note 17)		
Current year	-	-
Total deferred tax	-	-
Total tax on profit	0.3	0.5

The tax charge (2016: charge) for the year of £0.3m (2016: £0.5m) is higher (2016: higher) than that resulting from applying the standard rate of UK corporation tax.

The differences are explained as follows:

	2017 £m	2016 £m
Profit before tax:	1.6	2.5
Tax on profit at standard UK corporation tax rate of 19.25% (2016: 20.00%)	0.3	0.5
Total tax charge for the year	0.3	0.5

The rate of corporation tax reduced from 20% to 19% from 1 April 2017, and will reduce from 19% to 17% from 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

10. TANGIBLE FIXED ASSETS

	Office furniture and equipment £m	Telecom software and EDP equipment £m	Total £m
Cost			
At 1 January 2017 and 31 December 2017	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>
Accumulated depreciation			
At 1 January 2017 and 31 December 2017	<u>(0.1)</u>	<u>-</u>	<u>(0.1)</u>
Net book value			
At 31 December 2017	<u>-</u>	<u>0.1</u>	<u>0.1</u>
At 31 December 2016	<u>-</u>	<u>0.1</u>	<u>0.1</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 December 2017 £m	At 31 December 2016 £m
Amounts owed by clients and underwriters	1.3	1.4
Amounts owed by group undertakings	1.4	0.9
Prepayments and accrued income	0.4	0.7
Amounts recoverable from other group undertakings in respect of taxation	<u>0.1</u>	<u>-</u>
	<u>3.2</u>	<u>3.0</u>

12. INSURANCE DEBTORS

	At 31 December 2017 £m	At 31 December 2016 £m
Amounts falling due within one year		
Third party trade debtors	7.1	10.3
Fiduciary amounts owed by group undertakings	3.4	5.1
Fiduciary asset with another group undertaking	<u>1.3</u>	<u>1.4</u>
	<u>11.8</u>	<u>16.8</u>

13. CASH AT BANK AND IN HAND

	At 31 December 2017 £m	At 31 December 2016 £m
Corporate cash	<u>2.6</u>	<u>2.3</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 December 2017 £m	At 31 December 2016 £m
Amounts owed to group undertaking in respect of fiduciary creditors	1.3	1.4
Corporation tax	0.2	0.6
Accruals and deferred income	0.5	0.8
	<u>2.0</u>	<u>2.8</u>

15. INSURANCE CREDITORS

	At 31 December 2017 £m	At 31 December 2016 £m
Amounts falling due within one year		
Third party trade creditors	9.5	12.8
Fiduciary amounts owed to group undertakings	2.3	4.0
	<u>11.8</u>	<u>16.8</u>

16. CONTINGENT LIABILITIES

The Company's principal credit risk relates to the participation in a notional cash pooling arrangement with a bank. Each member of the pool guarantees against all losses incurred as a result of the failure of any other pool member. The maximum exposure to the Company is the total amount of its pooled funds at any point in time. At 31 December 2017, the Company had a total amount of £2.5 million (2016: £2.3 million) in the pool. All other members of the pooling arrangement are companies owned ultimately by Marsh & McLennan Companies, Inc.

17. DEFERRED TAX

A full disclosure of movements in deferred tax has not been provided in these financial statements due to its immateriality on the Company's Statement of Financial Position and Statement of Income and Retained Earnings.

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

A deferred tax asset of £4,537 (2016: asset of £5,346) for short term timing differences has been recognised because the timing differences are expected to reverse in the foreseeable future.

There are no unrecognised deferred tax balances.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

18. CALLED UP SHARE CAPITAL

	At December 2017 £m	At 31 December 2016 £m
Allotted, called up and fully paid		
2 (2016: 2) ordinary shares of £1 each	-	-

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.

19. RESERVES

Profit and loss account:

Profit and loss account includes all current and prior year retained profits and losses, transfers of share capital and share premium into distributable reserves and dividends paid or declared during the year.

20. GROUP FINANCIAL STATEMENTS

Group financial statements are not prepared in line with s401 of the Companies Act 2006. This company is itself a wholly-owned subsidiary and is included in the consolidated financial statements of Marsh & McLennan Companies, Inc., its ultimate parent company. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

21. RELATED PARTY TRANSACTIONS

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

22. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 1 April 2018, the Company's branch in Cyprus transferred its business activities to a Cypriot legal entity, Marsh Insurance Brokers Limited, which is also a wholly owned subsidiary of the Company. The consideration received was equal to the value of the branch's net assets transferred and increased the cost of the Company's investment in Marsh Insurance Brokers Limited by EUR 2.5 million. This has been treated as a non-adjusting event.

23. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company's immediate parent company is MMC UK Group Limited, registered in England and Wales.

The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in the state of Delaware, United States of America.

The smallest and largest group in which the results of Marsh Brokers 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
Maindy
Cardiff
CF14 3UZ

and also from:

The Company Secretary
MMC Treasury Holdings (UK) Limited
1 Tower Place West
Tower Place
London
EC3R 5BU