

Registered number: 01435275

VICTOR O. SCHINNERER & COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

TUESDAY



L8DQER09

LD4

10/09/2019

#12

COMPANIES HOUSE

VICTOR O. SCHINNERER & COMPANY LIMITED

COMPANY INFORMATION

DIRECTOR	C L Williams
REGISTERED NUMBER	01435275
REGISTERED OFFICE	Post Point 6.12 1 Tower Place West, Tower Place, London EC3R 5BU

VICTOR O. SCHINNERER & COMPANY LIMITED

CONTENTS

	Page
Director's Report	1 - 3
Director's Responsibilities Statement	4
Independent Auditor's Report	5 - 7
Statement of Income and Retained Earnings	8
Statement of Financial Position	9
Notes to the Financial Statements	10 - 21

VICTOR O. SCHINNERER & COMPANY LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents her annual report and the audited financial statements for the year ended 31 December 2018.

Victor O. Schinnerer & Company Limited ("the Company") registration number is 01435275.

PRINCIPAL ACTIVITY

The Company acts as insurance underwriting managers. The Company ceased underwriting activities during 2004, but continues to run off its insurance underwriting operations using a claims management company.

	2018 £000	2017 £000	Movement £000	Movement %
Administration expenses	26.0	(272.0)	298.0	(100.9)
Interest receivable and similar income	59.0	59.0	-	-
Operating profit/(loss)	26.0	(272.0)	298.0	(100.9)
Tax charge/(credit)	(15.0)	26.0	(41.0)	157.7
Shareholders' funds	1,128.0	1,058.0	70.0	6.6

The Company recorded a profit before tax for the financial year of \$85,000 an increase of \$298,000 compared to 2017 (2017 loss: \$213,000).

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £70,000 (2017 - loss £187,000).

The Statement of Income and Retained Earnings for the financial year ended 31 December 2018 is set out on page 7.

The Company reports a profit on ordinary activities after taxation for the financial year of £70,000 (2017: loss £187,000)

No interim dividend was paid in the year (2017: £nil). The Director does not recommend the payment of a final dividend (2017: £nil).

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 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.

VICTOR O. SCHINNERER & COMPANY LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

STRATEGIC REPORT

The Company qualifies as a small company as defined in s382 of the Companies Act 2006 and is exempt from the preparation of a strategic report as defined by the Companies Act 2006 (Strategic Report and Director's Report) regulations 2013 no. 1970.

DIRECTOR

The director who served during the year was:

C L Williams

PRINCIPAL RISKS AND UNCERTAINTIES

FUTURE DEVELOPMENTS

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

Financial risk

The Group's principal financial assets are bank balances, including cash deposits.

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from the liabilities as they fall due. The most important components of the financial risk faced by this entity are interest rate risk, liquidity risk and cash flow risk.

Interest rate risk

The Company has cash deposits which are at variable rates of interest.

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.

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 Article 50 of the Treaty of Lisbon (the procedure for a member to leave the European Union ('EU')) after the UK referendum vote on 23 June 2016 to leave the EU. The final impact of leaving the EU on the economy, regulation and political stability is highly uncertain.

The Company has considered the key risks and impact to its business and operations in the event of a no deal Brexit, and, based on a balance of worst case versus likely scenario assumptions, is taking steps to mitigate these. A Brexit Operations Group has been established to collate activities within and across individual lines of business and across all functional areas to ensure that the Company is Brexit ready and responsive to client needs in the UK to risks and uncertainty around standards of data protection and the storing and transfer of data between the EU and the UK after Brexit on employees who are EU citizens, and the potential impact on the Company's suppliers.

VICTOR O. SCHINNERER & COMPANY LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

DISCLOSURE OF INFORMATION TO AUDITOR

The director at the time when this Director's Report is approved has confirmed that:

- so far as she is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- she 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

In September 2018, the Company's ultimate parent company, Marsh & McLennan Companies, Inc. (NYSE: MMC), a global professional services firm offering clients advice and solutions in risk, strategy and people, announced that it had reached an agreement to acquire Jardine Lloyd Thompson Group plc (LSE: JLT), a leading provider of reinsurance and employee benefits related advice, brokerage and associated services. JLT's Employee Benefits business acts as advisors, brokers and service providers in the areas of pensions consultancy and administration, employee benefits and wellness, life insurance, and wealth management.

The acquisition of JLT accelerates MMC's strategy to be the preeminent global firm in the areas of risk, strategy and people solutions. JLT's track record of strong organic growth and attractive geographic diversification enhance MMC's ability to accelerate growth and margin expansion across products and geographies.

Under the terms of the transaction, holders of JLT's common shares received cash consideration of GBP 19.15 per share. Total cash consideration equates to 5.6 billion U.S. dollars in fully diluted equity value, or an estimated enterprise value of US\$6.4 billion. The transaction completed 1 April 2019 and the transaction was funded by a combination of cash on hand and proceeds from debt financing.

The Company is not directly involved in the financing of this transaction, and it will not be affected by integration and expansion of this combined business into the Marsh & McLennan Companies, Inc. group of operating companies.

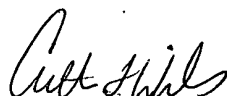
AUDITOR

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *30 August 2019* and signed on its behalf.



C L Williams
Director

Post Point 6.12
1 Tower Place West, Tower Place,
London
EC3R 5BU

VICTOR O. SCHINNERER & COMPANY LIMITED

**DIRECTOR'S RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Company law requires the director to prepare audited financial statements for each financial year. Under that law the director has elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the audited financial statements unless she is 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 audited financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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.

VICTOR O. SCHINNERER & COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTOR O. SCHINNERER & COMPANY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Victor O. Schinnerer & Company Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 income and retained earnings
- the statement of financial position; and
- the related notes 1 to 20.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

VICTOR O. SCHINNERER & COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTOR O. SCHINNERER & COMPANY 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

VICTOR O. SCHINNERER & COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTOR O. SCHINNERER & COMPANY 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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



Paul Stephenson FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

London
United Kingdom

Date: 5/9/19

VICTOR O. SCHINNERER & COMPANY LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Administrative expenses	14	26	(272)
Operating profit/(loss)		26	(272)
Interest receivable and similar income	7	59	59
Profit/(loss) before tax		85	(213)
Tax (charge)/ credit for the year on profit/(loss)	8	(15)	26
Profit/(loss) after tax		70	(187)
Retained earnings at the beginning of the year		(5,942)	(5,755)
		(5,942)	(5,755)
Profit/(loss) for the year		70	(187)
Retained earnings at the end of the year		(5,872)	(5,942)

The notes on pages 10 to 21 form part of these financial statements.


VICTOR O. SCHINNERER & COMPANY LIMITED
REGISTERED NUMBER: 01435275

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Current assets			
Debtors due within 1 year	10	2,139	2,136
Deferred tax	10	69	84
Cash at bank and in hand	11	69	33
		<u>2,277</u>	<u>2,253</u>
Creditors: amounts falling due within one year	12	(756)	(717)
Net current assets		<u>1,521</u>	<u>1,536</u>
Total assets less current liabilities		<u>1,521</u>	<u>1,536</u>
Provisions for liabilities			
Provisions for liabilities	13	(393)	(478)
		<u>(393)</u>	<u>(478)</u>
Net assets		<u>1,128</u>	<u>1,058</u>
Capital and reserves			
Called up share capital	15	7,000	7,000
Profit and loss account	16	(5,872)	(5,942)
		<u>1,128</u>	<u>1,058</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

30 August 2019.


C L Williams
Director

The notes on pages 10 to 21 form part of these financial statements.

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. GENERAL INFORMATION

Victor O. Schinnerer & Company Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the Company information page. The nature of the Company's operations and its principal activities are set out in the Director's Report on pages 1 to 4.

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 Section 1A of 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 11.41(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 2018 and these financial statements may be obtained from the address listed in note 20.

2.3 GOING CONCERN

The Director acknowledges the latest guidance on going concern. The Director has 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 financial statements.

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 the Statement of Income and Retained Earnings 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 Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.5 REVENUE

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

Rendering of services

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

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

2.6 INTEREST INCOME

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.7 CURRENT AND DEFERRED TAXATION

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

2.8 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.

2.9 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.

2.10 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.

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 PROVISIONS FOR LIABILITIES

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

Provisions are charged as an expense to the Statement of Income and Retained Earnings 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.

2.12 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 the 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 the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Income and Retained Earnings 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 Income and Retained Earnings.

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.

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.12 FINANCIAL INSTRUMENTS (continued)

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.

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

In the application of the Company's accounting policies, which are described above, the Director 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of financial position 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.

Deferred tax

Deferred tax timing differences have been provided at tax rates enacted at the Statement of financial position 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.

Run off provision

The Company has ceased to act as an insurance underwriting manager. It is, however, responsible for handling claims. An external Company has been appointed to manage these claims. Due to the nature of the insurance that was placed, it is difficult to estimate with certainty when existing claims will settle. At each Statement of financial position date, the Company reviews the future running of the operations, and adjusts the provision accordingly.

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging/(crediting):

	2018 £000	2017 £000
Operating costs	59	116
Transfer from run-off provision	(85)	156
	<u>59</u>	<u>156</u>

5. AUDITOR'S REMUNERATION

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17	17
	<u>17</u>	<u>17</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

6. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

The average monthly number of employees, including directors, during the year was 0 (2017 - 0).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £000	2017 £000
Interest receivable from group companies	59	59
	<u>59</u>	<u>59</u>

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. TAX ON PROFIT / (LOSS)

	2018 £000	2017 £000
TOTAL CURRENT TAX	-	-
DEFERRED TAX		
Origination and reversal of timing differences	15	(26)
TOTAL DEFERRED TAX	15	(26)
TAXATION ON PROFIT/ (LOSS)	15	(26)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit/(loss) before tax	85	(213)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	16	(41)
EFFECTS OF:		
Other timing differences leading to an decrease/(increase) in taxation	(2)	3
Group relief	1	12
TOTAL TAX CHARGE/(CREDIT) FOR THE YEAR	15	(26)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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.

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. FIXED ASSET INVESTMENTS

The Company owns 100 % of the share capital and voting rights of Admiral Holdings Limited (incorporated in Great Britain). The subsidiary has ceased trading in prior years and the carrying value of the investment is £nil (2017 : £Nil) .

	Principal Activity	Class of Share and % held and voting rights (directly* and/or indirectly)	Registered Office Address
Admiral Holdings Limited	Dormant	Ordinary 100%	1 Tower Place West, Tower Place, London, EC3R 5BU, United Kingdom

10. DEBTORS

	2018 £000	2017 £000
DUE AFTER MORE THAN ONE YEAR		
Deferred tax	69	84
	69	84
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	2,106	2,106
Prepayments and accrued income	33	30
	2,208	2,220

11. CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash at bank and in hand	69	33
	69	33

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. CREDITORS: Amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	713	699
Accruals and deferred income	43	18
	756	717

13. DEFERRED TAXATION

	2018 £000	2017 £000
At beginning of year	84	58
Charged to profit or loss	(15)	26
AT END OF YEAR	69	84

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	2	3
Short-term timing differences	67	81
	69	84

Deferred tax timing differences have been provided for at the tax rates substantively enacted at the balance sheet date which will apply when the timing differences are expected to reverse. The tax rates substantively enacted at the balance sheet date are 19% (effective 1 April 2017) and 17% (effective 1 April 2020).

There are no unrecognised deferred tax balances.

VICTOR O. SCHINNERER & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14. PROVISIONS

	Run-off provision £000
At 1 January 2018	478
Charged to profit or loss	(27)
Utilised in year	(58)
AT 31 DECEMBER 2018	393

As the Company has ceased to act as an insurance underwriting manager, a provision for the run-off costs has been recognised. The provision includes liabilities for the future running of the operation.

15. SHARE CAPITAL

	2018 £000	2017 £000
Allotted, called up and fully paid		
7,000,000 (2017 - 7,000,000) Ordinary shares shares of £1.00 each	7,000	7,000

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

Share premium account

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account

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

17. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under Financial Reporting Standard No. 8 "Related Party Disclosures" 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.

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. GROUP ACCOUNTS

Group accounts are not prepared in line with section 401 of the Companies Act 2006 and therefore separate accounts have been prepared. 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 accounts present information about the Company as an individual undertaking and not about its group.

19. POST BALANCE SHEET EVENTS

In September 2018, the Company's ultimate parent company, Marsh & McLennan Companies, Inc. (NYSE: MMC), a global professional services firm offering clients advice and solutions in risk, strategy and people, announced that it had reached an agreement to acquire Jardine Lloyd Thompson Group plc (LSE: JLT), a leading provider of reinsurance and employee benefits related advice, brokerage and associated services. JLT's Employee Benefits business acts as advisors, brokers and service providers in the areas of pensions consultancy and administration, employee benefits and wellness, life insurance, and wealth management.

The acquisition of JLT accelerates MMC's strategy to be the preeminent global firm in the areas of risk, strategy and people solutions. JLT's track record of strong organic growth and attractive geographic diversification enhance MMC's ability to accelerate growth and margin expansion across products and geographies.

Under the terms of the transaction, holders of JLT's common shares received cash consideration of GBP 19.15 per share. Total cash consideration equates to 5.6 billion U.S. dollars in fully diluted equity value, or an estimated enterprise value of US\$6.4 billion. The transaction completed 1 April 2019 and the transaction was funded by a combination of cash on hand and proceeds from debt financing.

The Company is not directly involved in the financing of this transaction, and it will not be affected by integration and expansion of this combined business into the Marsh & McLennan Companies, Inc. group of operating companies.

VICTOR O. SCHINNERER & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. CONTROLLING PARTY

The Company's immediate parent company is Victor Insurance Holdings Inc. (previously The Schinnerer Group, Inc.,) incorporated in the state of Delaware, United States of America. 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 Victor O. Schinnerer & Company Limited are consolidated is that headed by Marsh & McLennan Companies, Inc. The consolidated accounts 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
Victor O. Schinnerer & Company Limited
1 Tower Place West
Tower Place
London
EC3R 5BU