AMENDED

Company number: 02023198

JLT Pensions Administration Limited

Annual report and financial statements
for the year ended 31 December 2019

JLT Pensions Administration Limited

Company number: **02023198**

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JLT Pensions Administration Limited

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Company Information

Directors

T O'Dwyer

M T Reynolds

Company secretary

C MacCurrach

Registered office

The St Botolph Building
138 Houndsditch
London
EC3A 7AW

JLT Pensions Administration Limited

Company number: **02023198**

Strategic Report for the Year Ended 31 December 2019

The directors present their Strategic Report of JLT Pensions Administration Limited ('the Company') for the year ended 31 December 2019.

Principal Activities
The Company offers a range of pensions administration services to its clients as well as project services to Defined Benefit (DB) pension schemes.

The Company is authorised and regulated by the Financial Conduct Authority (FCA).

Business Review
Turnover decreased by 16.91% to £9,447k (2018: £11,370k), producing an operating profit of £1,523k (2018: £2,124k).

Profit before taxation amounts to £1,557k (2018: £2,194k).

The results of the Company for the year ended 31 December 2019 are set out in the financial statements on pages 13 to 33.

Until 1 April 2019, JLT Pensions Administration Limited formed part of the Employee Benefits Division of Jardine Lloyd Thompson Group plc ('the JLT Group'). On 1 April 2019 the JLT Group was acquired by Marsh & McLennan Companies, Inc ('MMC' or 'the Group').

Going Concern
Following the acquisition of the JLT Group by MMC in 2019, the trade and net assets of the Company, with the exception of its fiduciary assets and liabilities, were sold to Mercer Limited, an intermediate holding company in the Group, on 3 August 2020. It is the directors' intention that the Company be placed into run off. As a result of this intention, these financial statements have been prepared on a basis other than going concern.

Key Performance Indicators (KPIs)
The Company has selected trading margin, turnover per employee, trading profit per employee and costs per employee as KPIs for monitoring its performance. The objective is to monitor trends and achieve optimum trading performance both in terms of revenue growth and operational efficiency.

Trading margin - defined as trading profit, being turnover less expenses for continuing operations (excluding interest payable and interest earnings on own funds), as a percentage of turnover.

Turnover per employee - defined as turnover divided by total staff numbers (average for the year).

Trading profit per employee - defined as trading profit divided by total staff numbers (average for the year).

Costs per employee - defined as operating expenses (excluding interest payable and interest earnings on own funds) divided by total staff numbers (average for the year).

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Strategic Report for the Year Ended 31 December 2019

	Unit	2019	2018
Trading margin	%	16.12	18.68
Turnover per employee	£'000	85.11	74.80
Trading profit per employee	£'000	13.72	13.97
Costs per employee	£'000	71.39	61.92

Trading margin has reduced by around 1.5% from the prior year. However, the prior year benefited from income from sublet premises, which is not reoccurring in 2019. Excluding this income, the trading margin has reduced by just over 1%.

Staff numbers have reduced from an average 152 in 2018 to 111 in 2019. Although the overall income and profit for the Company has reduced, turnover per employee has increased and trading profit per employee has remained consistent. Excluding the benefit of sublet income, trading profit per employee has risen by around £1,000.

Principal risks and uncertainties and financial risk management

On an on-going basis, and in conjunction with the Company's indirect parent company, Mercer Limited, management profiles the significant risks, both operational and strategic, faced by the Company and reviews the effectiveness of risk management controls including loss prevention and recovery planning. The principal risks identified are as follows:

Strategic and Operational Risks

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

Strategic Risks
Risks to the business model arising from changes in external events, insurance markets and customer behaviour as well as risks arising from growth strategies.

Mitigation
• Board review of strategic risks
• Strategic review of planning process
• Due diligence and risk assessment processes

Loss of Key Staff
Risks arising from the inability to retain key staff within the core business operations.

Mitigation
• Succession planning processes
• Effective appraisal and development programmes
• Robust contracts of employment

Business Interruption
Risk to business arising from a major external event.

Mitigation
• Dedicated business continuity management function
• Detailed business continuity policy and procedures
• Regular testing of business continuity plans

Loss of IT Environment
Risks arising from non-performance of an IT supplier, malicious act, cyber crime and staff not following IT policies and procedures.

Mitigation
• Detailed IT policy and procedures in place
• Strong governance procedures over IT outsourcing and service level agreements in place
• Monitoring of compliance with the Group IT security policy and service level agreements

Information Security
Risk of loss of records, breach of confidentiality or inadequate security measures.

Mitigation
• Limits of authority in place
• Information Security Policy
• Risk-based monitoring and reviews monitoring performed by Group Information Security Officer and Group Internal Audit

Conduct of Business Risks

Errors & Omissions
Risks arising from non-compliance with operating procedures in place across the Company, or alleged negligence in provision of services/advice.

Mitigation
• Operating procedures and compliance policy
• Continuous training in errors & omissions avoidance
• Formal and regular process of compliance monitoring
• Strong procedural and systems controls including workflow management
• Insurance

Regulatory Sanctions/Financial Crime
Risks arising from non-compliance with or misinterpretation of local and international regulations and failure to meet regulatory standards.

Mitigation
• Regular and ongoing quality and compliance audits
• Operating procedures and compliance policy
• Continuous staff training programmes
• Central risk and compliance resources
• Insurance

JLT Pensions Administration Limited

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Strategic Report for the Year Ended 31 December 2019

Financial Risks

Capital Risk and Liquidity
Risks arising from an inability to maintain minimum regulatory capital and ensure access to sufficient working capital appropriate to the volume of trading.

Mitigation
• Regular updates to Board on current and projected regulatory capital base requirements
• Sensitivity / Stress testing of regulatory capital base
• Regular cash flow forecasting
• Regular impairment testing of loans receivable from fellow JLT Group subsidiaries
• Dividend planning
• Quarterly reviews of the Company balance sheet

Counterparty Risk
Risk of loss of own cash, fiduciary funds, investments and deposits, derivative assets and trade receivables as a result of the failure of key counterparties

Mitigation
• Board approved investment and counterparty policy to limit the concentration of funds and exposure with any one party
• Active management and monitoring of counterparty limits, financial strength and credit profile of key counterparties
• Regular review by Board and Risk & Audit Committee of counterparty limits, ratings, utilisation and compliance with applicable regulation
• Formal and regular review of trading partners

Political risk

Brexit
The directors have considered the key risks and impact to its business and operations in the event of a no-deal Brexit and have taken steps to mitigate these. The Company continues to collate activities within its lines of business and across functional areas to ensure the Company is Brexit ready and responsive to changing circumstances

The Company is not exposed to Price Risk.

Approved by the Board on 24 September 2020 and signed on its behalf by:

....
T O'Dwyer
Director

JLT Pensions Administration Limited

Company number: **02023198**

Directors' Report for the Year Ended 31 December 2019

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

Directors' of the company
The directors of the Company set out below held office during the year ended 31 December 2019 and up to the date of signing the financial statements.

T O'Dwyer

M T Reynolds (appointed 17 April 2020)

B Viswanathan (resigned 17 April 2020)

The Company maintains appropriate directors' and officers' liability insurance in respect of legal actions against its directors.

Dividends
The directors do not recommend a final dividend (2018:£nil) to be made in respect of the financial year ended 31 December 2019.

Charitable donations
During the year the Company made charitable donations of £nil (2018: £nil).

Financial risk management
The financial risk management of the Company has been disclosed as part of the Principal risks and uncertainties and financial risk management note within the Strategic Report of this document.

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

Employee involvement
The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

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

Future developments
In 2020, the Company continued to focus on its pension administration and project services activities until the sale of its trade and net assets, excluding its fiduciary assets and liabilities, to another group company on 3 August 2020. The Company will commence run off activities with the intention of becoming dormant in the future.

JLT Pensions Administration Limited

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Directors' Report for the Year Ended 31 December 2019

Disclosure of information to the auditors
So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Appointment of auditors
Following the acquisition of the JLT Group by MMC, PricewaterhouseCoopers LLP tendered their resignation. Deloitte LLP were appointed in line with Section 485 of the Companies Act 2006.

Approved by the Board on 24 September 2020 and signed on its behalf by:

....
T O'Dwyer
Director

JLT Pensions Administration Limited

Company number: **02023198**

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, Strategic 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

JLT Pensions Administration Limited

Company number: **02023198**

Independent auditor's report to the members of JLT Pensions Administration Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of JLT Pensions Administration Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- 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 101 "Reduced Disclosure Framework".

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.

Emphasis of matter - Financial statements prepared other than on a going concern basis
We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of JLT Pensions Administration Limited

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 in respect of the financial statements , 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.

JLT Pensions Administration Limited

Company number: **02023198**

Independent auditor's report to the members of JLT Pensions Administration Limited

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
• we have not received all the information and explanations we require for our audit.
• certain disclosures of directors' remuneration specified by law are not made; or

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.

....
Claire Clough (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

24 September 2020

JLT Pensions Administration Limited

Company number: **02023198**

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	9,447,090	11,369,566
Administrative expenses		(7,924,169)	(9,411,148)
Other operating income	4	-	165,614
Operating profit	5	1,522,921	2,124,032
Interest receivable and similar income	6	34,277	69,752
Profit before taxation		1,557,198	2,193,784
Tax on profit	7	(145,406)	(281,576)
Profit for the financial year		1,411,792	1,912,208

JLT Pensions Administration Limited

Company number: **02023198**

Statement of Comprehensive Income for the Year Ended 31 December 2019

	2019 £	2018 £
Profit for the year	1,411,792	1,912,208
Total comprehensive income for the year	1,411,792	1,912,208

The notes on pages 16 to 32 form an integral part of these financial statements.

JLT Pensions Administration Limited

Company number: **02023198**

Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	8,515	43,593
		8,515	43,593
Current assets			
Debtors	12	12,413,390	15,307,519
Cash at bank and in hand	14	45,557	52,249
		12,458,947	15,359,768
Creditors: Amounts falling due within one year	15	(4,127,191)	(8,474,882)
Net current assets		8,331,756	6,884,886
Net assets		8,340,271	6,928,479
Capital and reserves			
Called up share capital	16	2,150,000	2,150,000
Capital contribution reserve		1,000,000	1,000,000
Profit and loss account		5,190,271	3,778,479
Total shareholders' funds		8,340,271	6,928,479

Approved by the Board on 24 September 2020 and signed on its behalf by:

T O'Dwyer
Director

JLT Pensions Administration Limited

Company number: **02023198**

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2019	2,150,000	1,000,000	3,778,479	6,928,479
Profit for the financial year	-	-	1,411,792	1,411,792
Total comprehensive income for the year	-	-	1,411,792	1,411,792
At 31 December 2019	2,150,000	1,000,000	5,190,271	8,340,271

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2018	2,150,000	1,000,000	1,866,271	5,016,271
Profit for the financial year	-	-	1,912,208	1,912,208
Total comprehensive income for the year	-	-	1,912,208	1,912,208
At 31 December 2018	2,150,000	1,000,000	3,778,479	6,928,479

1 General information

The Company is a private company limited by share capital, incorporated in the United Kingdom.

The address of its registered office is:
The St Botolph Building
138 Houndsditch
London
EC3A 7AW

2 Accounting policies

Summary of significant accounting policies and key accounting estimates and judgements
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

These financial statements have been prepared on a non-going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

Going Concern
On 3 August 2020, the trade and net assets of the Company, excluding its fiduciary assets and liabilities, were sold to a fellow group subsidiary, as such these financial statements have been prepared on a non-going concern basis.

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 it day-to-day working capital requirements for corporate cash balances. The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's services; (b) the exchange rate between sterling and foreign currencies; and (c) the Company's cost base. The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic.

The Company's forecasts and projections show that the Company should be able to maintain sufficient corporate cash reserves for any future run off of the business required.

Notes to the Financial Statements for the Year Ended 31 December 2019

New standards, amendments and IFRIC interpretations
IFRS16 'Leases' applies for accounting periods beginning on or after 1 January 2019. It sets out the principles for the recognition, measurement and presentation of leases, for both lessees and lessors. IFRS16 superseded IAS17 'Leases' and several related interpretations when it became effective on 1 January 2019. The date of initial application for the Company was 1 January 2019.

Following a review, the Company does not act as a lessee or lessor or legally hold any leases as defined in IFRS16 in its name. However, the Company may incur an expense in relation to property or equipment which is legally leased by a fellow group subsidiary. The fellow group subsidiary will apply IFRS16 in respect of these leases.

Therefore, there are no new accounting standards, amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2019 which have a material impact on the Company's financial statements.

Summary of disclosure exemptions
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

1. IFRS 7 "Financial Instruments disclosures".

2. Paragraphs 91 to 99 of IFRS 13 "Fair value measurement" in respect of disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.

3. Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" in respect of the requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.

4. IAS 24 "Related party disclosures" in respect of the disclosure of related party transactions entered into between two or more members of a Group.

5. IAS 7 "Statement of cash flows" in respect of the preparation of a statement of cash flow.

6. The following paragraphs of IAS 1 "Presentation of financial statements":
i. Paragraph 79(a)(iv) of IAS 1 in respect of the disclosure of the number of shares outstanding at the beginning and at the end of the period
ii. Paragraph 10(d) in respect of the disclosure of Statement of cash flows
iii. Paragraph 10(f) in respect of the Balance Sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements
iv. Paragraph 16 in respect of the statement of compliance with all IFRS

v. Paragraph 38A in respect of the requirement for minimum of two primary statements, including cash flow statements
vi. Paragraph 40A-D in respect of the requirement for a third balance sheet when an accounting policy is applied retrospectively or makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements,
vii. Paragraph 111 in respect of cash flow information which provides users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows and
viii. Paragraph 134-136 in respect of capital management disclosures.

Turnover recognition
Income relates to fees which are charged on a time-cost or fixed-fee basis and are recognised in line with the performance of underlying service. All turnover is net of Value Added Tax and derived within the United Kingdom.

Revenue
Revenue comprises both commission and fees for the services undertaken to place and administer employee benefits arrangements and for other related services. Revenue may comprise a combination of fees, commissions and other forms of variable consideration. The transaction price considers all of the elements for each contract and applies constraints to variable consideration based on the past performance of similar contracts.

Where past performance has been volatile and has little predictive value, the constraint applied can be significant. Where appropriate revenue is deferred to account for the possibility of a cancellation or a refund liability. Performance obligations are assessed on the basis of the specific arrangements in the contract, or where such is not defined, on the basis of each separate and distinct obligation for which a market value can be ascribed.

The Company satisfies some performance obligations at a point in time, and others over time where the customer is receiving a simultaneous benefit, or the Company has a contractual right to payment for the work both performed and transferred to the client.

For contracts where the revenue is expected to be collected more than 1 year from its recognition and is not an estimate of a variable amount, consideration is given to the time value of money. Where relevant the deemed interest is recognised as a component of finance income.

Where the value of revenue is beyond the control of the Company and it cannot be estimated reliably, it will not be recognised until the amount is known with reasonable certainty. In these cases any associated costs are expensed as incurred.

Contract warranties and indemnities are not a significant feature of the Company's business.

Incremental costs to obtain a contract and contract fulfilment costs are capitalised and amortised to profit or loss on a systematic basis to match the recognition of revenue as the service is delivered to the client. Such costs are capitalised only where the Company expects to recover these costs, and, in the case of incremental costs to obtain a contract, where the amortisation period of the asset is more than 1 year. Additionally, in respect of contract fulfilment costs, these costs must relate directly to the contract, generate assets used to satisfy the contractual performance obligations, and do not qualify to be recognised as an asset under other accounting standards.

Assets recognised on the Company's balance sheet arising from the capitalisation of incremental costs to obtain a contract and contract fulfilment costs are presented as part of contract assets.

Contract Assets

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, Contract assets are recognised. Contract assets are included in the statement of financial position and represent the right to consideration for products delivered.

Contract assets are classified as current and non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Employee benefits

Fee-based revenue is recognised in line with the distinct and separate performance obligations in the contract.

Fulfilment costs, which may include data transfer and other set up costs, are amortised in line with the recognition of revenue for the specific performance obligation.

The likelihood of cancellation is assessed based on past performance of similar contracts and a resulting deferral of revenue is made.

Commission-based remuneration revenue is considered to be wholly related to the placement activity and recognised at the later of the policy inception date, or the date on which the placement is complete and confirmed.

Notes to the Financial Statements for the Year Ended 31 December 2019

Other services
These are mainly fee-based arrangements and revenue is recognised in line with the distinct and separate performance obligations in the contract.

Fulfilment and other incremental costs to obtain the contract are capitalised where they are expected to be recovered and amortised as the revenue is recognised for each specific performance obligation.

Fees and other income receivable are recognised in the period to which they relate and when they can be measured with reasonable certainty.

Investment income
Investment income arises from the holding of cash and investments relating to fiduciary funds and is recognised on an accruals basis.

Income & Deferred Income Tax
Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is charged or credited to equity in respect of any item, which is itself either charged or credited directly to equity. Any subsequent recognition of the deferred gain or loss in the income statement is accompanied by the corresponding deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tangible assets

Assets are stated at their net book amount (historical cost less accumulated depreciation). Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of such assets over their estimated useful lives.

The principal rates of depreciation are as follows:
- Leasehold improvements - between 10% and 20% per annum or over the life of the lease.
- Furniture and office equipment - between 10% and 20% per annum.
- Computer hardware - between 20% and 100% per annum.
- Motor vehicles - between 25% and 33 1/3% per annum.

The depreciation rates are reviewed on an annual basis.

Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Dividend distribution

Dividends proposed or declared after the balance sheet dates are not recognised as a liability at the balance sheet date. Dividend distributions to the Company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. The Company has not declared or distributed any dividend during the period or in the prior period.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial instruments
On initial recognition, a financial asset is measured at fair value plus, for an instrument not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. Trade receivables without a significant financing component are measured at the transaction price, rather than fair value, at initial recognition.

The Company further classifies its financial assets as measured either at amortised cost, fair value through other comprehensive income (debt or equity instrument) or fair value through profit or loss. The classification of financial assets is based on the business model under which a financial asset is managed, which is primarily solely to collect payments of principle and interest, and its contractual cash flow characteristics. These classification categories also describe the measurement of financial assets subsequent to initial recognition.

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets in this category are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through other comprehensive income (FVOCI)
Debt Instruments.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

• it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss.

Other net gains and losses are recognised in other comprehensive income ('OCI'). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity instruments.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.
This election is made on an investment-by-investment basis and such financial assets are measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at fair value through the profit or loss (FVTPL)
All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial assets in this category are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment of financial assets

Measurement of Expected Credit Losses

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt instruments measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures credit loss allowances on financial assets measured at amortised cost on either of the following bases:

• Lifetime expected credit losses (ECLs): ECLs that result from all possible default events over the expected life of a financial instrument; and
• 12-month ECLs: The portion of lifetime ECLs that result from possible default events within the 12 months after the reporting date

The Company measures credit loss allowances on financial assets at an amount equal to lifetime ECLs, except for the following financial assets, which are measured as 12-month ECLs:

• debt instruments that are considered to have low credit risk at the reporting date; and
• other debt instruments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default (i.e. loss incurred) when:

• there is evidence that the amount is unlikely to be paid in full, without recourse by the Company to actions such as realising collaterals (if any is held); or
• the financial asset is connected to a business with whom we no longer have a relationship and is longer than 3 months past due.

The Company applies the IFRS 9 simplified approach to measure ECLs on trade receivables and contract assets which represent unbilled consideration for which goods or services have been delivered, but the right to consideration is contingent on something other than passage of time. Under the simplified approach ECLs are measured at an amount equal to Lifetime ECLs. Lifetime ECLs on trade receivables and contract assets are measured based on the actual credit loss experience over the preceding 5 years.

The actual credit loss experience is adjusted, if considered significant, by scalar factors by an increase or decrease in the impairment provision percentage applied to various ageing brackets to reflect the expected losses that the Company expects to incur.

Credit loss allowances on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Credit loss allowances on financial assets measured at FVOCI are recognised in OCI, instead of reducing the carrying amount of the asset.

Credit loss allowances relating to trade and other receivables, including contract assets, are presented separately in the income statement. Impairment losses on financial assets other than trade and other receivables are presented as 'finance costs'.

The Company writes off financial assets measured at amortised cost when the view is that the amount is non recoverable and that all reasonable efforts have been made to collect the outstanding amounts

Financial Liabilities

All financial liabilities, except for derivative instruments, are measured at amortised cost. Interest expense is recognised in the income statement at the effective rate.

Critical accounting estimates and judgments

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

3 Turnover

The analysis of the company's revenue for the year from continuing operations in the United Kingdom is as follows:

	2019 £	2018 £
Employee benefit services	9,447,090	11,369,566

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019 £	2018 £
Property sublets	-	165,614

5 Operating profit

Arrived at after charging:

	2019 £	2018 £
Depreciation expense	35,079	49,417

JLT Pensions Administration Limited

Company number: **02023198**

Notes to the Financial Statements for the Year Ended 31 December 2019

6 Interest receivable and similar income

	2019 £	2018 £
Interest receivable - Group	34,277	69,752

Following the acquisition of the JLT Group by MMC, there is a project underway to settle all remaining intercompany balances and, therefore, the treatment of the balances has been aligned with MMC policies.

7 Tax on profit

	2019 £	2018 £
Current tax expense		
Current year	286,150	151,731
Adjustments in respect of prior periods	(151,731)	(139,029)
	134,419	12,702
Deferred tax expense		
Origination and reversal of temporary differences	9,735	239,935
Reduction in tax rate	1,252	28,939
	10,987	268,874
Total income tax expense	145,406	281,576

Following the Budget announcement on 11 March 2020, the UK corporation tax rate (from 01 April 2020) will now be maintained at 19% and will no longer reduce to 17% as previously legislated. However, since this change occurred after the balance sheet date, deferred tax balances at 31 December 2019 have been recognised at 17%, taking into consideration when temporary differences are expected to reverse.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2019 £	2018 £
Profit before taxation	1,557,198	2,193,784
Tax calculated at UK Corporation Tax rate of 19.00% (2018: 19.00%)	295,867	416,819
Adjustment in respect of prior periods	(151,731)	(139,029)
Non-deductible expenses	1,270	3,075
Rate difference on current year movement	(1,252)	(28,228)
Effect of reduction in UK tax rate	1,252	28,939
Total tax charge	145,406	281,576

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	3,310,935	3,775,122
Social security costs	337,117	395,866
Other pension costs	-	432,361
Other post-employment benefit costs	444,925	-
Other employee expense	331,318	337,088
	4,424,295	4,940,437

The monthly average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Other departments	111	152

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	-	17,149
Contributions paid to money purchase schemes	-	123
	-	17,272

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Received or were entitled to receive shares under long term incentive schemes	-	3
Exercised share options	-	3
Accruing benefits under money purchase pension scheme	-	3

Highest paid director

The highest paid director for the current year has not been disclosed as the aggregate emoluments shown above do not exceed £200,000 in accordance with schedule 5, part 2, paragraph 3 of the Statutory Instrument 410 of the Companies Act 2006.

10 Auditors' remuneration

	2019 £	2018 £
Audit of the Company	15,000	12,813

The auditors' remuneration is paid on behalf of the Company by a fellow subsidiary, JLT Benefit Solutions Limited.

11 Tangible assets

	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 January 2019	728,504	4,255	633,562	1,366,321
At 31 December 2019	728,504	4,255	633,562	1,366,321
Depreciation				
At 1 January 2019	728,408	4,255	590,064	1,322,727
Charge for the year	96	-	34,983	35,079
At 31 December 2019	728,504	4,255	625,047	1,357,806
Carrying amount				
At 31 December 2019	-	-	8,515	8,515
At 31 December 2018	95	-	43,498	43,593

12 Debtors

	2019 £	2018 £
Trade receivables	2,378,167	3,305,446
Receivables from group undertakings	8,539,205	11,159,571
Accrued income (Contract assets)	1,068,276	743,107
Prepayments	26,230	8,656
Deferred tax	71,828	82,815
Other debtors	329,684	7,924
Total current trade and other receivables	12,413,390	15,307,519

Following the acquisition of the JLT Group by MMC, there is a project underway to settle all remaining intercompany balances and, therefore, the treatment of the balances has been aligned with MMC policies.

13 Deferred tax

Deferred tax movement during the year:

	At 1 January 2019 £	Recognised in income £	At 31 December 2019 £
Revaluation of property, plant and equipment	77,734	(10,000)	67,734
Other items	5,081	(987)	4,094
Net tax assets/(liabilities)	82,815	(10,987)	71,828

Deferred tax movement during the prior year:

	At 1 January 2018 £	Recognised in income £	At 31 December 2018 £
Revaluation of property, plant and equipment	90,000	(12,266)	77,734
Deferred income	256,000	(256,000)	-
Other items	5,081	-	5,081
Net tax assets/(liabilities)	351,081	(268,266)	82,815

Deferred tax assets are recognised to the extent that the realisation of the related tax benefits through the future taxable profits is considered probable.

Notes to the Financial Statements for the Year Ended 31 December 2019

14 Cash at bank and in hand

	31 December 2019 £	31 December 2018 £
Cash at bank	45,557	52,249

15 Creditors: Amounts falling due within one year

	2019 £	2018 £
Accrued expenses	11,342	-
Amounts due to group undertakings	2,524,943	7,961,029
Other payables	741,460	109,537
Corporation tax	286,150	151,731
Contract Liabilities	563,296	252,585
	4,127,191	8,474,882

Following the acquisition of the JLT Group by MMC, there is a project underway to settle all remaining intercompany balances and, therefore, the treatment of the balances has been aligned with MMC policies.

16 Called up share capital

Allotted, called up and fully paid shares

	2019 No.	2019 £	2018 No.	2018 £
Ordinary shares of £1 each	2,150,000	2,150,000	2,150,000	2,150,000

17 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is JLT EB Holdings Limited. On 1 April 2019 the Company's ultimate parent company, Jardine Lloyd Thompson Group Ltd (formerly Jardine Lloyd Thompson Group plc), was acquired by Marsh & McLennan Companies, Inc which became the Company's ultimate parent undertaking at that date.

For the period ended 31 December 2019 the smallest and largest group in which the results of the Company are consolidated is Marsh & McLennan Companies, Inc. The consolidated financial statements of Marsh & McLennan Companies, Inc are available to the public and may be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

and also from

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

18 Subsequent Events

Covid-19
On 11 March 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. Developments in the first quarter of 2020 have created significant uncertainty about the impact on the global economy and has resulted in significant impacts to the financial markets and asset values around the world. The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event and due to the evolving nature of this situation, the Company is not able at this time to estimate the impact on its financial or operational results.

Sale of trade, assets and liabilities
On 3 August 2020, the Company completed the sale of its trade and net assets, excluding its fiduciary assets and liabilities, to Mercer Limited, an indirect holding company in the MMC Group.