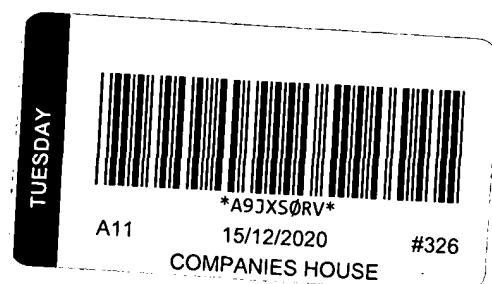


Company number: 03876529

## **JLT Wealth Management Limited**

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



## **JLT Wealth Management Limited**

Company number: **03876529**

### **Contents**

Company Information	1
Strategic Report	2 to 6
Directors' Report	7 to 8
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10 to 12
Profit and Loss Account	13
Statement of Comprehensive Income	14
Balance Sheet	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17 to 44

## **JLT Wealth Management Limited**

Company number: **03876529**

### **Company Information**

#### ***Directors***

T O'Dwyer

S Sands

#### ***Registered office***

The St Botolph Building  
138 Houndsditch  
London  
EC3A 7AW

## **JLT Wealth Management Limited**

Company number: **03876529**

### **Strategic Report for the Year Ended 31 December 2019**

The directors present their strategic report of JLT Wealth Management Limited ('the Company') for the year ended 31 December 2019.

#### **Principal Activities**

The principal activity of JLT Wealth Management Limited is the provision of financial advice and wider wealth management services to individuals, trustees and charitable organisations.

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

#### **Business Review**

Turnover in the year was £12.9m (2018: £11.6m), 11.46% up on the prior year.

Loss before taxation amounts to £19.2m (2018 loss: £32.5m).

The results of the Company for the year ended 31 December 2019 are set out in the financial statements on pages 13 to 44.

Until 1 April 2019, JLT Wealth Management 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**

The trade and assets of the Company, with the exception of liabilities and recoveries related to Enhanced Transfer Value ('ETV') and Unregulated Collective Investment Scheme ('UCIS') products (Note 17), were sold to Mercer Limited, a fellow Group subsidiary on 3 August 2020. The Company's liabilities and recoveries in relation ETV and UCIS will remain in the Company until the liabilities are discharged.

The directors have assessed the liabilities and recoveries remaining in the Company as part of their going concern review and although the Company is now non-trading, they consider that it will continue as a going concern for the foreseeable future.

## JLT Wealth Management Limited

Company number: **03876529**

### Strategic Report for the Year Ended 31 December 2019

#### Key Performance Indicators (KPIs)

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

Trading margin - defined as trading profit, being turnover less expenses for continuing operations 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).

Cost per employee - defined as total operating expenses divided by total staff numbers (average for the year).

	Unit	2019	2018
Trading margin	%	(147.7)	(280.3)
Turnover per employee	£'000	140.6	135.0
Trading profit / (loss) per employee	£'000	(207.7)	(378.3)
Cost per employee	£'000	348.4	513.30

In the year ended 31 December 2018, a £32.2m charge related to estimated net costs arising from the UK regulatory review (note 17) and £0.4m of retention awards related to the MMC acquisition of the JLT group were recognised. In the year ended 31 December 2019, the net movement in costs related to the regulatory review was £20.4m.

Excluding the UK regulatory review and retention awards in 2018 and the movement in regulatory review costs in 2019, trading margin has improved from 1.0% in 2018 to 9.8% in 2019 driven by a combination of increase in turnover and reduction in costs, this is also reflected in the increase in trading profit per employee from £1,360 for 2018 to £13,790 for 2019.

Turnover per employee has increased slightly from £135,000 for 2018 to £140,600 and costs per employee reduced from £133,620 in 2018 to £126,850 reflecting the overall increase in turnover and reduction in operating costs noted above and the slight increase in employee numbers during the year.

#### Principal risks and uncertainties and financial risk management

On an on-going basis, in conjunction with Mercer Limited, an intermediate holding company in the Group, 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:

## **JLT Wealth Management Limited**

Company number: **03876529**

### **Strategic Report for the Year Ended 31 December 2019**

#### *Strategic and Operational Risks*

##### *Emerging risk*

###### *Covid-19*

On 11 March 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. As it 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, investment 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 interruption 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

## **JLT Wealth Management Limited**

Company number: **03876529**

### **Strategic Report for the Year Ended 31 December 2019**

#### *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*

- Regular and ongoing quality and compliance audits
- 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

#### *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 Group subsidiaries
- Dividend planning
- Quarterly reviews of the Company balance sheet

## **JLT Wealth Management Limited**

Company number: **03876529**

### **Strategic Report for the Year Ended 31 December 2019**

#### *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

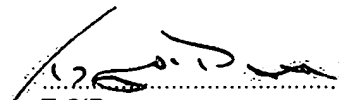
#### *Political risk*

#### *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 9 December 2020 and signed on its behalf by:



T O'Dwyer  
Director



## **JLT Wealth Management Limited**

Company number: **03876529**

### **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.

#### **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.

#### **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 these financial statements.

T O'Dwyer

G I Armstrong (resigned 19 September 2020)

B Hudon (appointed 19 July 2019, resigned 30 September 2020)

P N C Gale (resigned 20 April 2020)

D L Jones (resigned 20 April 2020)

E Flanagan (resigned 19 April 2020)

K E Phillips (resigned 31 October 2019)

B Viswanathan (resigned 30 April 2019)

The following director was appointed after the year end:

S Sands (appointed 13 May 2020)

There being no provision in the Company's Articles of Association for the retirement of directors by rotation, the present directors will continue in office.

#### **Qualifying third party indemnity provisions**

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

#### **Dividends**

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

#### **Going concern**

The trade and assets of the Company, with the exception of liabilities and recoveries in relation to Enhanced Transfer Value ('ETV') and Unregulated Collective Investment Scheme ('UCIS') products (Note 17), were sold to Mercer Limited, a fellow Group subsidiary on 3 August 2020. The Company's liabilities and recoveries related to ETV and UCIS will remain in the Company until discharged. The directors have assessed the liabilities and recoveries remaining in the Company as part of their going concern review and although the Company is now non-trading, they consider that it will continue as a going concern for the foreseeable future.

#### **Subsequent events**

##### ***Covid-19***

On 11 March 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. Developments in 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 financial or operational results.

## **JLT Wealth Management Limited**

Company number: **03876529**

### **Directors' Report for the Year Ended 31 December 2019**

#### *Sale of trade, assets and liabilities*

On 3 August 2020, the Company completed the sale of its trade and net assets, excluding liabilities and recoveries relating to ETV and UCIS products, to Mercer Limited, a fellow Group subsidiary.

#### *Share capital issue*

On 6 November 2020, the Company issued £50.0m of shares to its immediate parent JLT EB Holdings Limited.

#### **Charitable donations**

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

#### **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 outlook**

The focus for 2020, until the sale of the Company's trade and assets, was to deliver investment returns for our clients, whilst working with our colleagues from other subsidiaries of the Group and external professional connections to develop new business.

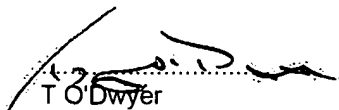
#### **Disclosure of information to the auditors**

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, have been appointed in line with Section 485 of the Companies Act 2006.

Approved by the Board on 9 December 2020 and signed on its behalf by:



T O'Dwyer

## **JLT Wealth Management Limited**

Company number: **03876529**

### **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 prepared 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 Wealth Management Limited**

Company number: **03876529**

### **Independent auditor's report to the members of JLT Wealth Management Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of JLT Wealth Management 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 loss 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 22.

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.

##### **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.

## **JLT Wealth Management Limited**

Company number: **03876529**

### **Independent auditor's report to the members of JLT Wealth Management 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 the directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **JLT Wealth Management Limited**

Company number: **03876529**

### **Independent auditor's report to the members of JLT Wealth Management 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

##### **Use of our report**

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



.....  
Claire Clough ACA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor

London, United Kingdom

9 December 2020

## JLT Wealth Management Limited

Company number: **03876529**

### Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover	3	12,939	11,608
Administrative expenses		(32,097)	(44,146)
Other operating income		1	-
Operating loss	4	(19,157)	(32,538)
Interest receivable and similar income	5	9	157
Interest payable and similar expenses	6	(2)	(81)
Loss before taxation		(19,150)	(32,462)
Tax on loss	7	3,443	6,281
Loss for the financial year		(15,707)	(26,181)

The above results were derived from continuing operations.

The notes on pages 17 to 44 form an integral part of these financial statements.

## **JLT Wealth Management Limited**

Company number: **03876529**

### **Statement of Comprehensive Income for the Year Ended 31 December 2019**

	<b>2019</b> <b>£ 000</b>	<b>2018</b> <b>£ 000</b>
Loss for the financial year	<u>(15,707)</u>	<u>(26,181)</u>
Total comprehensive loss for the year	<u>(15,707)</u>	<u>(26,181)</u>

The notes on pages 17 to 44 form an integral part of these financial statements.



## JLT Wealth Management Limited

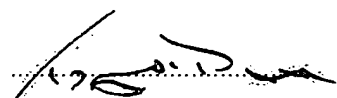
Company number: 03876529

### Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
<b>Fixed assets</b>			
Intangible assets	11	-	147
Tangible assets	12	59	-
		<u>59</u>	<u>147</u>
<b>Current assets</b>			
Debtors	14	82,677	42,645
Cash at bank and in hand		256	256
		<u>82,933</u>	<u>42,901</u>
Creditors: Amounts falling due within one year	15	(36,397)	(2,101)
Net current assets		46,536	40,800
Creditors: Amounts falling due after one year	16	(26)	-
Provisions for liabilities	17	(80,186)	(58,879)
Net liabilities		<u>(33,617)</u>	<u>(17,932)</u>
<b>Capital and reserves</b>			
Called up share capital	18	2,046	2,046
Profit and loss account		(35,663)	(19,978)
Total shareholders' deficit		<u>(33,617)</u>	<u>(17,932)</u>

The notes on pages 17 to 44 form an integral part of these financial statements.

Approved by the Board on 9 December 2020 and signed on its behalf by:

  
T O'Dwyer  
Director

## JLT Wealth Management Limited

Company number: **03876529**

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

	<b>Called up share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total shareholders' funds £ 000</b>
At 1 January 2019	2,046	(19,978)	(17,932)
Loss for the financial year	-	(15,707)	(15,707)
Total comprehensive loss for the year	-	(15,707)	(15,707)
Share based payment transactions	-	22	22
At 31 December 2019	2,046	(35,663)	(33,617)

	<b>Called up share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total shareholders' funds £ 000</b>
At 1 January 2018	2,046	6,123	8,169
Loss for the financial year	-	(26,181)	(26,181)
Total comprehensive loss for the year	-	(26,181)	(26,181)
Share based payment transactions	-	80	80
At 31 December 2018	2,046	(19,978)	(17,932)

The notes on pages 17 to 44 form an integral part of these financial statements.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **1 General information**

The Company is a private company limited by share capital, incorporated in the United Kingdom and registered in England and Wales. 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 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 assets of the Company, excluding the Company's liabilities and recoveries in relation to ETV and UCIS, were sold to a fellow Group subsidiary. The liabilities held by the Company in respect of ETV and UCIS are partially recoverable and any amounts expected to be recovered by the Company are reported in Debtors. The directors have assessed the liabilities and recoveries remaining in the Company as part of their going concern review and although the Company is now non-trading, they consider that it will continue as a going concern for the foreseeable future.

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 monitored the impact of the Covid-19 pandemic in 2020 until the date of the sale of its trade and the directors are satisfied that the Company's services continued to be attractive to clients in this period. The ongoing pandemic is not considered to have a significant impact on the Company as it discharges its liabilities in relation to ETV and UCIS.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **New standards, amendments and IFRIC interpretations**

IFRS 16 'Leases' is a new accounting standard that is effective for the year ended 31 December 2019 and has had a material impact on the Company's financial statements - see Note 22. There are no other 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. 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.
3. IAS 24 "Related party disclosures" in respect of the disclosure of related party transactions entered into between two or more members of a Group.
4. IAS 7 "Statement of cash flows" in respect of the preparation of a statement of cash flow.
5. 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.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

6. Paragraphs 134(d-f) and 135(c-e) of IAS 36 "Impairment of assets" in respect of assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts.

7. The following paragraphs of IFRS15 "Revenue from contracts"

i. Paragraph 114, 115 - disaggregation revenue

ii. Paragraph 118 - Explanation of the significant changes in the contract asset and contract liability balances.

iii. Paragraph 120-2 - Transaction price allocated to the remaining performance obligations

iv. Paragraph 129 - The practical expedients used.

#### **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.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### *Contract assets and receivables*

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 balance sheet 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 balance sheet 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.

#### *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.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **Income & Deferred Income Tax**

Tax is recognised in the profit and loss account, 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 profit and loss account 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.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **Intangible assets and amortisation**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the profit and loss account. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the profit and loss account on disposal.

#### **Computer software**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire them and bring them to use. These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

The rate of amortisation is 33% per annum.

#### **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 Company 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.

In assessing the provision for enhanced transfer value products, significant judgements has been applied, utilising past experience where available. The actual outcome may be materially different. The Group has applied considerable judgement, as described in note 15 to the Financial Statements, in determining a provision for customers who were offered pension related enhanced transfer value products.

#### **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.



## JLT Wealth Management Limited

Company number: 03876529

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

#### Leases

##### *Definition*

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (eg direct how and for what purpose the asset is used)

##### *Initial recognition and measurement*

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g. commissions) and an estimate of restoration, removal and dismantling costs.

##### *Subsequent measurement*

After the commencement date, the Company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are presented in finance costs in the profit and loss account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### *Lease modifications*

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

#### *Short term and low value leases*

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the profit and loss account.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### *Sub leases*

If an underlying asset is re-leased by the Company to a third party and the Company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

#### **Share based compensation**

Prior to acquisition by Marsh & McLennan Companies, Inc, the JLT Group operated an equity-settled, share-based compensation plan, under which the entity received services from employees as consideration for equity instruments (options) of the ultimate parent company, Jardine Lloyd Thompson Group plc. The fair value of the employee services received was measured by reference to the estimated fair value at the grant date of equity instruments granted and was recognised as an expense over the vesting period. The estimated fair value of the option granted was calculated using the Black Scholes option pricing model. The total amount expensed was being recognised over the vesting period, which is the period over which all of the specified vesting conditions were to be satisfied.

The proceeds received net of any directly attributable transaction costs were credited to share capital (nominal value) and share premium when the options are exercised.

#### **Dividend distribution**

Dividends proposed or declared after the balance sheet date 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 any dividend in the financial year ended 31 December 2019 (2018: £Nil).

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **Financial instruments**

##### *Initial recognition*

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.

##### *Classification and measurement*

##### *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 at FVTPL:

- 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 (FVTOCI)**

##### *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.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### *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**

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.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **Impairment of financial assets**

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 profit and loss account. 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 profit and loss account at the effective rate.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **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 assets***

The Company tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

#### ***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.

#### ***Errors and omissions liability***

During the ordinary course of business the Company can be subject to claims for errors and omissions made in connection with its business activities.

A balance sheet provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated.

The Company analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability.

The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and are in excess of the presently established provisions. It is possible therefore that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### ***Provisions for liabilities***

Amounts have been provided in respect of future obligations to pay redress costs and professional costs associated with independent file reviews related to past investments made in UCIS and pension related ETV products.

The provision for UCIS and ETV has been estimated with judgement applied related to the number of customers affected, the liability due thereon the costs to complete the reviews and the timing of outflows. The ultimate cost of the reviews remains uncertain and may change materially.

#### ***Revenue***

Revenue is required to be recognised on the basis of completed performance obligations. The extent of contract assets and liabilities recognised is dependent on a number of judgements namely:

- the number of performance obligations in a single contract;
- the determination of whether a performance obligation has been completed;
- the costs and time associated with the various performance obligations; and

The Company determines these judgements for a portfolio of contracts based on the geographical location of the underlying business based on the results of various surveys conducted. If actual experiences differs from what was originally expected this may have an impact on the profits.

Revenue is recognised when separate performance obligations are completed. A key judgement in this business is the identification of the various performance obligations and determining whether the contract contains revenue that should be recognised over the contractual periods.

#### ***Provisions for impairment***

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

#### ***Fair value of financial assets and liabilities***

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.



## JLT Wealth Management Limited

Company number: **03876529**

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

#### 3 Turnover

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

	<b>2019</b>	<b>2018</b>
	<b>£ 000</b>	<b>£ 000</b>
Wealth management services	<u>12,939</u>	<u>11,608</u>

#### 4 Operating loss

Arrived at after charging:

	<b>2019</b>	<b>2018</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation - right-of-use assets - land and buildings	<u>29</u>	<u>-</u>

#### 5 Interest receivable and similar income

	<b>2019</b>	<b>2018</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest receivable – Group	<u>9</u>	<u>157</u>

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.

## JLT Wealth Management Limited

Company number: **03876529**

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

#### 6 Interest payable and similar expenses

	2019 £ 000	2018 £ 000
Interest expense on lease liabilities	2	-
Interest payable - Group	-	81
	<u>2</u>	<u>81</u>

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 loss

	2019 £ 000	2018 £ 000
<b>Current tax (income) / expense</b>		
Current year	(3,772)	(6,160)
Adjustments in respect of prior years	176	(136)
	<u>(3,596)</u>	<u>(6,296)</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	138	(5)
Reduction in tax rate	15	(12)
Adjustments in respect of prior years	-	32
	<u>153</u>	<u>15</u>
Total income tax receipt	<u>(3,443)</u>	<u>(6,281)</u>

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 loss before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

## JLT Wealth Management Limited

Company number: **03876529**

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

	2019 £ 000	2018 £ 000
Loss before taxation	(19,150)	(32,462)
Tax calculated at UK Corporation Tax rate of 19.00% (2018: 19.00%)	(3,639)	(6,168)
Adjustment in respect of prior periods	176	(104)
Effect of reduction in UK tax rates	15	(12)
Non-deductible expenses	21	3
Rate difference on current year movement	(16)	-
Total tax credit	(3,443)	(6,281)

#### 8 Staff costs

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

	2019 £ 000	2018 £ 000
Wages and salaries	4,428	3,819
Social security costs	538	551
Other pension costs	614	502
Share-based payment expenses	94	282
Other employee expense	2,130	1,145
	7,804	6,299

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

	2019 No.	2018 No.
Wealth Management	92	86

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Remuneration	378	846
Contributions paid to money purchase schemes	18	2
	396	848

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **9 Directors' remuneration**

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

	<b>2019 No.</b>	<b>2018 No.</b>
Received or were entitled to receive shares under long term incentive schemes	-	8
Exercised share options	-	8
Accruing benefits under money purchase pension scheme	2	7

In respect of the highest paid director:

	<b>2019 £ 000</b>	<b>2018 £ 000</b>
Remuneration	189	294
Company contributions to money purchase pension schemes	10	2

During the year, the highest paid director did not exercise share options.

#### **10 Auditor's remuneration**

	<b>2019 £ 000</b>	<b>2018 £ 000</b>
Audit of the Company	53	17
Audit related assurance services	8	1
Audit of the financial statements	61	18

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

## JLT Wealth Management Limited

Company number: 03876529

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

#### 11 Intangible assets

	Goodwill £ 000	Computer software £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2019	437	17	454
Written off in the year	(437)	-	(437)
At 31 December 2019	-	17	17
<b>Accumulated amortisation</b>			
At 1 January 2019	290	17	307
Written off in the year	(290)	-	(290)
At 31 December 2019	-	17	17
<b>Carrying amount</b>			
At 31 December 2019	-	-	-
At 31 December 2018	147	-	147

## JLT Wealth Management Limited

Company number: **03876529**

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

#### 12 Tangible assets

	<b>Right-of-use assets - land and buildings £ 000</b>
<b>Cost or valuation</b>	
At 1 January 2019 - Opening balance adjustment on adoption of IFRS 16	<u>88</u>
At 31 December 2019	<u>88</u>
<b>Depreciation</b>	
Charge for the year	<u>29</u>
At 31 December 2019	<u>29</u>
<b>Carrying amount</b>	
At 31 December 2019	<u>59</u>

## JLT Wealth Management Limited

Company number: 03876529

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

#### 13 Deferred tax

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2019 £ 000
Revaluation of property, plant and equipment	4	(1)	-	3
Other items	6	(1)	-	5
Share-based payment	267	(152)	(115)	-
Net tax assets/(liabilities)	277	(154)	(115)	8

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2018 £ 000
Revaluation of property, plant and equipment	4	-	-	4
Deferred income	31	(31)	-	-
Other items	6	-	-	6
Share-based payment	181	17	69	267
Net tax assets/(liabilities)	222	(14)	69	277

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

The total current and deferred income tax credited to equity during the year is as follows:

	£ 000
Share based payments	7
	<u>7</u>

## JLT Wealth Management Limited

Company number: **03876529**

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

#### 14 Debtors

	2019 £ 000	2018 £ 000
Trade debtors	523	1,486
Amounts owed from group undertakings	43,601	7,488
Contract assets	1,378	782
Deferred tax	8	277
Other debtors	33,273	26,442
Corporation tax	3,894	6,170
Total debtors	82,677	42,645

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.

The Company has a subordinated loan agreement in place with JIB Group Limited, a fellow group subsidiary, for £28.5m. This facility is not drawn and is shown in amounts owed from group undertakings above and in amounts due to group undertakings in the note below.

#### 15 Creditors: Amounts falling due within one year

	2019 £ 000	2018 £ 000
Accrued expenses	413	-
Amounts due to group undertakings	35,038	1,392
Social security and other taxes	571	-
Lease liability	28	-
Other creditors	347	709
	36,397	2,101

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.



## JLT Wealth Management Limited

Company number: 03876529

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

#### 16 Creditors: Amount falling due after one year

	2019 £ 000
Long term lease liability	<u>26</u>

The maturity analysis of the future cash flows associated with lease liabilities is as follows:

Undiscounted cash flows	£ 000
Due within 1 year	29
Due in 1- 2 years	<u>26</u>

#### 17 Provisions for liabilities

	Restructuring costs £ 000	Regulatory review £ 000	Total £ 000
At 1 January 2019	-	58,879	58,879
Additional provisions	16	27,490	27,506
Provisions utilised	-	(6,199)	(6,199)
At 31 December 2019	<u>16</u>	<u>80,170</u>	<u>80,186</u>

The Company continues to work with the UK Financial Conduct Authority following a market-wide thematic review of financial advice provided to customers who were offered pension related enhanced transfer value products ('ETVs'). The additional provisions for regulatory review also provides for the obligation to pay redress in relation to historic client investments in Unregulated Collective Investment Schemes ('UCIS').

The Company has estimated its potential liability with reference to the outcomes of an external review of sample files and on-going file reviews by management. In determining the liability, it has exercised judgement to estimate the number of customers affected, the liability due thereon, the costs to complete the review and the timing of outflows. The ultimate cost of the review remains uncertain and may change materially. The Company has various rights in terms of insurance programmes and other agreements whereby a portion of these losses is anticipated to be recovered. Any recoveries in relation to regulatory review liabilities are disclosed as part of the Company's other debtors balance.

#### 18 Called up share capital

##### Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	2,045,527	2,045,527	2,045,527	2,045,527

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **19 Share-based payments**

The JLT Group's equity-settled share-based payments comprise the JLT Long Term Incentive Plan (2004/2013), Senior Executive Share Scheme and the Sharesave Scheme.

Due to the acquisition of the JLT Group by MMC on 1 April 2019, the schemes became fully vested.

The schemes which the Company participated in were as follows:

##### ***JLT Long Term Incentive Plan (2013)***

The JLT Group operated the Long Term Incentive Plan (LTIP) for Executive Directors and persons discharging managerial responsibility (PDMRs). The scheme was renewed in 2013. Awards under the scheme were granted in the form of nil-priced options and were satisfied using market-purchased shares. The awards vested in full or in part depending on satisfaction of the performance conditions. The awards had a 3 year performance period and had a 10 year life from the date of grant. Options attracted discretionary dividend equivalents (DDEs) that were rolled up and paid, in cash, on vesting. DDEs were paid to option holders only on the options that had vested. Forfeited or lapsed options were not eligible to DDEs and the DDE that have accrued on the balance sheet were released to equity at the date of forfeiture.

For post-2013 LTIP awards, the performance conditions were based on the JLT Group's basic EPS growth (excluding exceptional items and impairment charges) over three years. For the LTIP awarded from 2014 to 2016, the JLT Group's Remuneration Committee decided that the EPS should be adjusted for the impact from the net cost of the US investment on a discretionary basis. For the 2017 and 2018 awards, the JLT Group's Remuneration Committee reviewed the approach of excluding the impact of US investment costs when calculating the EPS performance and concluded it was now appropriate to cease making further adjustments.

##### ***Senior Executive Share Scheme***

The JLT Group operated a Senior Executive Share Scheme for senior management and employees. Awards under the scheme were granted in the form of nil-priced options and were satisfied using market-purchased shares. The majority of awards had no specific performance criteria attached, other than the requirement that employees remain in employment with the JLT Group. Certain awards were granted with specific performance targets defined for the individual executives. In general, these required targets for revenue and profit growth to be met over the vesting period. The awards had a 10 year life from the date of grant. Options granted prior to 1 January 2014 attracted unconditional DDEs throughout the vesting period, this means that DDEs were paid to the option holders as and when dividends were paid to ordinary shareholders, there was no clawback on the dividends in the event of a forfeiture of the options. The options granted post 1 January 2014 attracted DDEs that were rolled up and paid in cash, on vesting. The JLT Group amended the plan rules on the 8 June 2016. From that date, all vested options were no longer eligible to DDEs.

All options granted under the share option schemes were conditional upon the employees remaining in the Group's employment during the vesting period of the option, the actual period varies according to the scheme in which the employee participates. In calculating the cost of options granted, anticipated lapse rates for the JLT Long Term Incentive Plan (2004/2013) and the Senior Executive Share Scheme were nil as both were issued with no cost to the employee.

## JLT Wealth Management Limited

Company number: **03876529**

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

All the outstanding share awards did vest on the completion of the Marsh & McLennan companies' acquisition of the JLT Group and this revision to the expected vesting date was reflected in the amortisation charge in the profit and loss account for 2018.

The following table illustrates the number and weighted average exercise prices (WAEP) of share options exercised during the year, the outstanding options and the remaining contractual life:

	Exercised Number	Weighted average exercise (sale) price (p)	Options outstanding at 31st December Number	Remaining contractual life Years
		2019		
Senior Executive Share Scheme	(84,306)	1,915.00	-	-
		2018		
Senior Executive Share Scheme	(20,199)	1,376.30	84,306	7.71

#### 20 Parent and ultimate parent undertaking

The Company's immediate parent is JLT EB Holdings Limited.

On 1 April 2019, the Company's ultimate parent company, JLT Group Holdings Limited (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

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **21 Subsequent events**

##### *Covid-19*

On 11 March 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. Developments in 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 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 liabilities and recoveries relating to ETV and UCIS products, to Mercer Limited, a fellow Group subsidiary.

##### *Share capital issue*

On 6 November 2020, the Company issued £50.0m of shares to its immediate parent JLT EB Holdings Limited.

#### **22 Changes in accounting policy**

##### **IFRS 16 'Leases'**

The Company adopted IFRS 16 on 1 January 2019.

IFRS 16 'Leases' sets out the principles for the recognition, measurement and presentation of leases, for both lessees and lessors. IFRS 16 superseded IAS 17 '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 and so IFRS 16 applies for accounting periods beginning on or after that date.

##### **Impact**

##### **Definition of a lease**

IFRS 16 distinguishes between leases and service contracts based on whether there is control of the use of an identified asset. Control is considered to exist if there is:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to the direct use of that asset.

The Company applies the practical expedient in IFRS 16 not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

## **JLT Wealth Management Limited**

Company number: **03876529**

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

#### **Lessee accounting**

A right-of-use asset and lease liability are recognised in the balance sheet. The lease liability is measured at the present value of future lease payments, excluding variable lease payments that do not depend on an index or a rate. The right-of-use asset for a particular lease is usually similar in amount to the corresponding lease liability on inception of the lease, but their carrying amounts diverge through the life of the lease as the asset is depreciated on a straight-line basis whereas interest arises on the lease liability and so is higher in earlier years.

The Company elects on a lease-by-lease basis whether to recognise a right-of-use asset and a lease liability for leases of low-value assets. Where an election is made to not recognise a right-of-use asset and a lease liability for these leases, the lease payments are instead expensed on a straight-line basis over the lease term.

Depreciation of the right-of-use assets is presented within 'administrative expenses' in the profit and loss account. Interest expense on the lease liabilities is presented within 'interest payable and similar expenses'. Lease expenses for leases of low-value assets are presented within 'administrative expenses'. Variable lease payments are generally expensed as incurred, along with irrecoverable VAT and presented within 'administrative expenses'.

The impact for lessees on IAS 17 lease classifications is as follows:

- **Operating leases:**

A right-of-use asset and lease liability were brought on to the balance sheet (except for certain leases of low value assets). Depreciation and interest replace the IAS 17 rental charge (which was included in 'administrative expenses').

Areas of management judgement relate to the accounting for lease extension and termination options (considered on a case-by-case basis) and the discount rate used to measure the lease liability.

The Company applies lessee accounting in respect of an office building in the UK.

#### **Lessor accounting**

The Company does not undertake arrangements as a lessor other than as a sub lessor. Lessor accounting as required by IFRS 16 is substantively unchanged from that required by IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those in IAS 17. However, a sub lessor classifies the sublease by reference to the right-of-use asset arising from the head lease, such that subleases are more likely to be classified as finance leases.

The Company does not currently use sub lessor arrangements.

## JLT Wealth Management Limited

Company number: **03876529**

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

#### Transition

The Company adopted IFRS 16 by applying the modified retrospective approach, which requires the cumulative effect of initial application of IFRS 16 to be recognised as an adjustment to the opening balance of retained earnings on the 1 January 2019, without restating prior years.

The Company applied the following practical expedients on the 1 January 2019 date of initial application of IFRS 16:

- The right-of-use asset was recognised at an amount equal to the lease liability at the date of initial application, adjusted by the amount in the balance sheet immediately before the date of initial application for any prepaid rent or accrued lease payments.
- Applied a single discount rate to a portfolio of leases with similar characteristics
- Applied the exemption not to recognise liabilities for leases with less than 12 months of lease term remaining.
- Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The effect of adopting IFRS 16 as at 1 January 2019 was as follows:

	£ 000
<b>Assets</b>	
Right-of-use assets	88
	<hr/>
	<b>88</b>
<b>Liabilities</b>	
Lease liabilities	(81)
Payable to group companies	(7)
	<hr/>
	<b>(88)</b>

There was no adjustment required to opening equity.

The incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date of initial application is 2.4%.