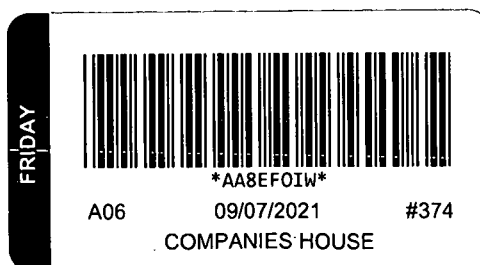


Company number: 03876529

JLT Wealth Management Limited

Annual report and financial statements
For the year ended 31 December 2020



JLT Wealth Management Limited

Company number: **03876529**

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JLT Wealth Management Limited

Company number: **03876529**

Company Information

Directors

T O'Dwyer

S Sands

Registered office

1 Tower Place West
London
EC3R 5BU

JLT Wealth Management Limited

Company number: **03876529**

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report of JLT Wealth Management Limited ('the Company') for the year ended 31 December 2020.

Principal Activities

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

For the first seven months of the financial year, the principal activity of the Company was the provision of financial advice and wider wealth management services to individuals, trustees and charitable organisations. As part of the integration of JLT entities into the MMC Group, the trade, assets and liabilities of the Company, with the exception of its liabilities and assets in relation to Enhanced Transfer Value ('ETV') and Unregulated Collective Investment Scheme ('UCIS') products, were sold to Mercer Limited, an indirect parent company, on 3 August 2020.

On 1 January 2020, all the Company's employees were transferred to Mercer Limited under the Transfer of Undertakings (Protection of Employment) Regulations ('TUPE').

The Company continues to be authorised and regulated by the Financial Conduct Authority ('FCA').

Business Review

Turnover for the year ended 31 December 2020 represents the period to 3 August 2020, reporting a decrease of £8.3m (64%) compared to the prior year, which represents trade for the whole of 2019, at £12.9m.

Loss before taxation for the year ended 31 December 2020 is £65.9m, £70.6m relates to expenses in relation to ETV & UCIS compared to £20.4m for the year ended 31 December 2019.

The results of the Company for the year ended 31 December 2020 are set out in the financial statements on pages 13 to 41.

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 18), were sold to Mercer Limited, an indirect parent company, 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.

Key Performance Indicators (KPIs)

Due to the sale of the Company's trade during the financial year, the directors do not believe that an analysis of Key Performance Indicators is relevant to an understanding of the Company's performance for the year under review.

JLT Wealth Management Limited

Company number: **03876529**

Strategic Report for the Year Ended 31 December 2020

Principal risks and uncertainties and financial risk management

On an on-going basis, 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 principle risks identified are as follows:

Strategic and Operational Risks

Covid-19

On 11 March 2020, the World Health Organization declared Covid-19 a pandemic. As this continued to spread through contagion, it had, and continues to have, a disruptive impact on the global and UK economy and had the potential to 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 adapt as changes to circumstances occur.

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.

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

ETV redress risk

A provision continues to be recognised for estimated redress costs associated with independent file reviews related to past investments made in pension related ETV products. The amount provided is sensitive to various assumptions, especially those made for the percentage of the overall population of cases judged as requiring redress and average redress costs. Redress payments have commenced and this experience helps to inform management but there remains uncertainty over the redress estimate on the remaining cases on which the calculation is yet to be completed.

JLT Wealth Management Limited

Company number: **03876529**

Strategic Report for the Year Ended 31 December 2020

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

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

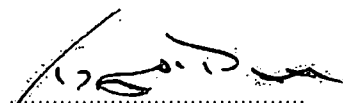
Political risk

Brexit

Prior to the departure of the United Kingdom from the European Union on 31 January 2020 and the end of the transition period on 31 December 2020 the directors considered the key risks and impact of Brexit on the Company and took steps to mitigate these. As the Company is no longer actively trading and will become dormant after the settlement of its liabilities in relation to ETV and UCIS, Brexit is not considered to be an ongoing operational or strategic risk to the Company.

The Company is not exposed to Price Risk.

Approved by the Board on 8 July 2021 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 2020

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2020.

Directors of the Company

The directors of the Company set out below held office during the year ended 31 December 2020 and up to the date of signing these financial statements.

T O'Dwyer

S Sands (appointed 13 May 2020)

G I Armstrong (resigned 19 September 2020)

B Hudon (resigned 30 September 2020).

P N C Gale (resigned 20 April 2020)

D L Jones (resigned 20 April 2020)

E M Flanagan (resigned 19 April 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.

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.

Dividends

The directors do not recommend a final dividend (2019: £nil) to be made in respect of the financial year ended 31 December 2020.

Employees

On 1 January 2020, all the Company's employees were transferred to Mercer Limited under the Transfer of Undertakings (Protection of Employment) Regulations ('TUPE').

Future outlook

The focus for 2021 is to continue to discharge the Company's liabilities in respect of ETV and UCIS in a timely and efficient manner.

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.

JLT Wealth Management Limited

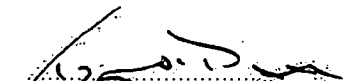
Company number: **03876529**

Directors' Report for the Year Ended 31 December 2020

Appointment of Auditor

The auditor, Deloitte LLP, has indicated their willingness to continue in office and will be deemed to be reappointed under Section 487 (2) of the Companies Act 2006.

Approved by the Board on 8 July 2021 and signed on its behalf by:



T O'Dwyer

JLT Wealth Management Limited

Company number: **03876529**

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The 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 2020 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" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

JLT Wealth Management Limited

Company number: **03876529**

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit about their own identification and assessment of the risks of irregularities.

JLT Wealth Management Limited

Company number: **03876529**

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

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

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

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions, industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- The significant risk of fraud in valuation of the gross Enhanced Transfer Value ("ETV") redress provision, specifically pertaining to application of the point estimate in determining the value of the liability. The ETV provision is an accounting estimate subject to a high degree of subjectivity, therefore is likely to be more susceptible to misstatement due to management bias or fraud and this may result in an inappropriate point estimate being applied from a wide range of possible measurement outcomes.
- In response to this risk we performed the following:
 - Evaluated and tested the design, implementation and operating effectiveness of the internal controls over the process of recording financial information relating to the ETV provision;
 - Evaluated the competency and objectivity of the external and internal specialists engaged by the company to perform the redress calculations;
 - Engaged Deloitte's actuarial specialists to evaluate and assess the reasonableness of Company's methodology with respect to the redress calculation and use of upper and lower bounds, including making an assessment of management's external expert's competence;
 - Engaged Deloitte's conduct specialists to evaluate and assess the methodology; and process involved in determining the suitability of the cases;
 - Obtained the redress calculation as of 31 December 2020 and reviewed the mathematical accuracy of the schedule; and reconciled to the general ledger;
 - Performed substantive testing of data inputs into management's provision calculation (completeness and accuracy of data) including post-year end movements and payments;
 - Assessed the appropriateness of assumptions used in the gross ETV provision calculation and performed sensitivity analysis;
 - Reviewed the latest management information around the expected redress settlement to assess the need for adjustment to the provision recorded in the financial statements ;
 - Reviewed and challenged the financial statement disclosures; and
 - Performed an ISA 540 'stand back' test to assess the overall ETV provision calculation.

JLT Wealth Management Limited

Company number: **03876529**

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

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

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

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

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.


JLT Wealth Management Limited

Company number: **03876529**

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

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

8 July 2021

JLT Wealth Management Limited

Company number: **03876529**

Profit and Loss Account for the Year Ended 31 December 2020

		Continuing operations 2020 £ 000	Discontinued operations 2020 £ 000	Total 2020 £ 000	Continuing operations 2019 £ 000	Discontinued operations 2019 £ 000	Total 2019 £ 000
	Note						
Turnover	3	-	4,608	4,608	-	12,939	12,939
Administrative expenses		(70,609)	(4,544)	(75,153)	(20,379)	(11,718)	(32,097)
Other operating income		-	-	-	-	1	1
Operating (loss)/profit	4	(70,609)	64	(70,545)	(20,379)	1,222	(19,157)
Profit on disposal of business		-	4,678	4,678	-	-	-
Interest receivable and similar income	5	-	1	1	-	9	9
Interest payable and similar expenses	6	-	(1)	(1)	-	(2)	(2)
(Loss)/profit before taxation		(70,609)	4,742	(65,867)	(20,379)	1,229	(19,150)
Tax on (loss)/profit	7	13,416	(12)	13,404	3,719	(276)	3,443
(Loss)/profit for the financial year		(57,193)	4,730	(52,463)	(16,660)	953	(15,707)

The result reported under discontinued operations relates to the trade sold to Mercer Limited, an indirect parent company, on 3 August 2020. Please see note 11 for further information.

The notes on pages 17 to 41 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 2020

	2020 £ 000	2019 £ 000
Loss for the financial year	<u>(52,463)</u>	<u>(15,707)</u>
Total comprehensive loss for the year	<u>(52,463)</u>	<u>(15,707)</u>

The notes on pages 17 to 41 form an integral part of these financial statements.

JLT Wealth Management Limited

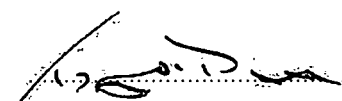
Company number: 03876529

Balance Sheet as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	12	-	-
Tangible assets	13	-	59
		-	59
Current assets			
Debtors	15	289,737	82,677
Cash at bank and in hand		3	256
		289,740	82,933
Creditors: Amounts falling due within one year	16	(79,876)	(36,397)
Net current assets		209,864	46,536
Creditors: Amounts falling due after one year	17	-	(26)
Provisions for liabilities	18	(125,944)	(80,186)
Net assets / (liabilities)		83,920	(33,617)
Capital and reserves			
Called up share capital	19	172,046	2,046
Profit and loss account		(88,126)	(35,663)
Total shareholders' funds / (deficit)		83,920	(33,617)

The notes on pages 17 to 41 form an integral part of these financial statements.

Approved by the Board on 8 July 2021 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 2020

	Called up share capital £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 January 2020	2,046	(35,663)	(33,617)
Loss for the financial year	-	(52,463)	(52,463)
Total comprehensive loss for the year	-	(52,463)	(52,463)
Issue of share capital	170,000	-	170,000
At 31 December 2020	172,046	(88,126)	83,920

	Called up share capital £ 000	Profit and loss account £ 000	Total shareholders' deficit £ 000
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)

The notes on pages 17 to 41 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 2020

1 General information

The Company is a private company limited by share capital, incorporated, domiciled and registered in England, United Kingdom. The address of its registered office is:

1 Tower Place West
London
EC3R 5BU

These financial statements were authorised for issue by the Board on 7 July 2021.

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 Mercer Limited, an indirect parent company. 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 they consider that it will continue as a going concern for the foreseeable future.

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 2020

New standards, amendments and IFRIC interpretations

There are no new accounting standards, amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2020 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 2020

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.

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Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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Notes to the Financial Statements for the Year Ended 31 December 2020

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 the Group has applied considerable judgement, utilising past experience where available, in determining a provision for customers who were offered pension related enhanced transfer value products. This is further described in note 18 to the Financial Statements. The actual outcome of the obligation may be materially different.

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

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Notes to the Financial Statements for the Year Ended 31 December 2020

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 (e.g. 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

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Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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Notes to the Financial Statements for the Year Ended 31 December 2020

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 2020 (2019: £Nil).

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Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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Notes to the Financial Statements for the Year Ended 31 December 2020

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

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Notes to the Financial Statements for the Year Ended 31 December 2020

Critical accounting estimates and judgments

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

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provisions for liabilities

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

The provision is updated during the course of the redress programme based upon experience of actual redress payments. The value of the provision is sensitive to various assumptions, especially those made for the percentage of the overall population of cases judged as requiring redress and average redress costs. The uncertainties, particularly around the assumptions regarding the overall population number and redress amount, could cause the ultimate cost of the reviews to change materially from management's present estimate. See note 18 for further information.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2020

3 Turnover

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

	2020 £ 000	2019 £ 000
Wealth management services	4,608	12,939

4 Operating loss

Arrived at after charging:

	2020 £ 000	2019 £ 000
Depreciation - right-of-use assets - land and buildings	29	29

5 Interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest receivable – Group	1	9

6 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest expense on lease liabilities	1	2

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Notes to the Financial Statements for the Year Ended 31 December 2020

7 Tax on loss

	2020 £ 000	2019 £ 000
Current tax (income) / expense		
Current year	(13,404)	(3,772)
Adjustments in respect of prior years	-	176
	<u>(13,404)</u>	<u>(3,596)</u>
Deferred tax expense		
Origination and reversal of temporary differences	1	138
Reduction in tax rate	(1)	15
Adjustments in respect of prior years	-	-
	<u>-</u>	<u>153</u>
Total income tax receipt	<u>(13,404)</u>	<u>(3,443)</u>

Following the Budget announcement on 3 March 2021, the UK Corporation Tax rate will be increased to 25% from 1 April 2023.

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:

	2020 £ 000	2019 £ 000
Loss before taxation	<u>(65,867)</u>	<u>(19,150)</u>
Tax calculated at UK Corporation Tax rate of 19.00% (2019: 19.00%)	(12,514)	(3,639)
Adjustment in respect of prior periods	-	176
Effect of reduction in UK tax rates	(1)	15
Non-deductible expenses	-	21
Non-taxable income	(889)	-
Rate difference on current year movement	-	(16)
Total tax credit	<u>(13,404)</u>	<u>(3,443)</u>

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Notes to the Financial Statements for the Year Ended 31 December 2020

8 Staff costs

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

	2020	2019
	£ 000	£ 000
Wages and salaries	3,109	6,647
Social security costs	326	543
Pension costs, defined contribution scheme	351	614
	<u>3,786</u>	<u>7,804</u>

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

	2020	2019
	No.	No.
Wealth Management	<u>-</u>	<u>92</u>

As part of the integration of the JLT entities into the MMC Group, all the Company's employees were transferred to Mercer Limited on 1 January 2020 under the Transfer of Undertakings (Protection of Employment) Regulations ('TUPE'). The Company has been charged and bears the cost for the remuneration and other associated benefits paid on its behalf by fellow group subsidiaries for the period to 3 August 2020 when the Company sold its trade, assets and liabilities to Mercer Limited.

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£ 000	£ 000
Remuneration	361	378
Contributions paid to money purchase schemes	3	18
	<u>364</u>	<u>396</u>

JLT Wealth Management Limited

Company number: 03876529

Notes to the Financial Statements for the Year Ended 31 December 2020

9 Directors' remuneration (continued)

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

	2020 No.	2019 No.
Received or were entitled to receive shares under long term incentive schemes	-	-
Exercised share options	-	-
Accruing benefits under money purchase pension scheme	1	2

In respect of the highest paid director:

	2020 £ 000	2019 £ 000
Remuneration	209	189
Company contributions to money purchase pension schemes	-	10

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

10 Auditor's remuneration

	2020 £ 000	2019 £ 000
Audit of the Company	50	53
Audit related assurance services	8	8
Audit of the financial statements	58	61

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

11 Disposal of trade, assets and liabilities

On 3 August 2020, the Company sold its trade, assets and liabilities to Mercer Limited, an indirect parent company. This sale excluded the Company's assets and liabilities in relation to Enhanced Transfer Value ('ETV') and Unregulated Collective Investment Scheme ('UCIS') products. This transaction resulted in the Company recognising a profit on disposal of business of £4.7m.

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Notes to the Financial Statements for the Year Ended 31 December 2020

12 Intangible assets

	Computer software £ 000	Total £ 000
Cost or valuation		
At 1 January 2020	17	17
Disposal	(17)	(17)
At 31 December 2020	-	-
Accumulated amortisation		
At 1 January 2020	- 17	17
Disposal	(17)	(17)
At 31 December 2020	-	-
Carrying amount		
At 31 December 2020	-	-
At 31 December 2019	-	-

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Notes to the Financial Statements for the Year Ended 31 December 2020

13 Tangible assets

	Right-of-use assets - land and buildings £ 000
Cost or valuation	
At 1 January 2020	88
Reassignment of lease to a fellow group subsidiary	(88)
At 31 December 2020	-
Depreciation	
At 1 January 2020	29
Charge for the year	29
Reassignment of lease to a fellow group subsidiary	(58)
At 31 December 2020	-
Carrying amount	
At 31 December 2020	-
At 31 December 2019	59

14 Deferred tax

Deferred tax movement during the year:

	At 1 January 2020 £ 000	Recognised in income £ 000	Transferred on sale of trade £ 000	At 31 December 2020 £ 000
Revaluation of property, plant and equipment	3	-	(3)	-
Other items	5	-	(5)	-
Net tax assets/(liabilities)	8	-	(8)	-

JLT Wealth Management Limited

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Notes to the Financial Statements for the Year Ended 31 December 2020

14 Deferred tax (continued)

Deferred tax movement during the prior 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

Following enactment of the Finance Bill 2020 on 22 July 2020, the UK Corporation Tax rate (from 1 April 2020) has been maintained at 19% and has not reduced to 17% as previously legislated. Deferred tax timing differences have been provided for at the enacted tax rate at the balance sheet date. The Budget announcement on 3 March 2021 included an increase in the UK Corporation Tax rate to 25% from 1 April 2023. There are no unrecognised deferred tax balances.

15 Debtors

	2020 £ 000	2019 £ 000
Trade debtors	-	523
Amounts owed from group undertakings	229,358	43,601
Amounts recoverable from group undertakings - tax	23,412	-
Contract assets	-	1,378
Deferred tax	-	8
Other debtors	36,967	33,273
Corporation tax	-	3,894
Total debtors	289,737	82,677

The Company has a subordinated loan agreement in place with JIB Group Limited, a fellow group subsidiary, for £45.0m. 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.

The remaining amounts owed from group undertakings are unsecured, interest free and repayable on demand.

JLT Wealth Management Limited

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Notes to the Financial Statements for the Year Ended 31 December 2020

16 Creditors: Amounts falling due within one year

	2020 £ 000	2019 £ 000
Accrued expenses	-	413
Amounts due to group undertakings	79,876	35,038
Social security and other taxes	-	571
Lease liability	-	28
Other creditors	-	347
	<u>79,876</u>	<u>36,397</u>

The Company has a subordinated loan agreement in place with JIB Group Limited, a fellow group subsidiary, for £45.0m. This facility is not drawn and is shown in amounts owed from group undertakings in note 15 and in amounts due to group undertakings above.

The remaining amounts due to group undertakings are unsecured, interest free and repayable on demand.

17 Creditors: Amounts falling due after one year

	2020 £ 000	2019 £ 000
Long term lease liability	-	26

The Company's lease is in relation to an office building in the United Kingdom. The maturity analysis of the future cash flows associated with lease liabilities is as follows:

Undiscounted cash flows

	2020 £ 000	2019 £ 000
Due within 1 year	-	29
Due in 1- 2 years	-	26
	<u>-</u>	<u>55</u>

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Notes to the Financial Statements for the Year Ended 31 December 2020

18 Provisions for liabilities

	Restructuring costs £ 000	Regulatory review £ 000	Total £ 000
At 1 January 2020	16	80,170	80,186
Additional provisions	-	79,945	79,945
Provisions utilised	-	(34,171)	(34,171)
Transferred on business disposal	(16)	-	(16)
At 31 December 2020	-	125,944	125,944

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.

Management have stress tested the provision amount by flexing various assumptions around the redress estimate. The table below shows the impact on the Company's regulatory review provision resulting from a 10% change in the redress estimate on the remaining cases on which the calculation is yet to be completed:

	10% increase £ 000	10% decrease £ 000
Impact on regulatory review provision – increase / (decrease)	3,087	(3,087)

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.

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Notes to the Financial Statements for the Year Ended 31 December 2020

19 Called up share capital

Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
Ordinary shares of £1 each	172,045,527	172,045,527	2,045,527	2,045,527

The Company issued additional share capital to its parent company JLT EB Holdings Limited during 2020. On 6 November 2020, the Company issued 50,000,000 ordinary shares of £1 each for £50.0m. and on 22 December 2020, a further 120,000,000 ordinary shares of £1 each for £120.0m.

20 Share-based payments

The Company no longer operates a share-based payment scheme. The Company operated various share-based payment schemes when it was a member of the JLT Group. Due to the acquisition of the JLT Group by MMC on 1 April 2019, the JLT Group schemes became fully vested.

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

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.

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Notes to the Financial Statements for the Year Ended 31 December 2020

20 Share-based payments (continued)

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.

All the outstanding share awards vested 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 prior year, the outstanding options and the remaining contractual life:

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

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Notes to the Financial Statements for the Year Ended 31 December 2020

21 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 2020, 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

22 Contingent liability

The Company may be subject to claims and lawsuits that arise in the ordinary course of business, most of which are covered by professional indemnity insurance. Some of these claims and lawsuits seek damages including punitive damages in amounts which could, if assessed, be significant. The Company has established a provision in respect of insurance deductibles which reflects latest legal advice.