

CPRM LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



CPRM LIMITED

COMPANY INFORMATION

Directors	M T Reynolds T O'Dwyer
Registered number	SC267190
Registered office	Lochside House 7 Lochside Avenue Edinburgh Scotland EH12 9DJ

CPRM LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 - 10
Profit and Loss Account	11
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14 - 15
Notes to the Financial Statements	16 - 27

CPRM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their strategic report of CPRM Limited (the Company) for the year ended 31 December 2020.

Principal activities

Until 1 April 2019, CPRM 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 to provide actuarial and administration services to trustees of defined benefit pension schemes and general consultancy services to both trustees and sponsoring employers of such schemes. As part of the integration of JLT entities into the MMC Group, the trade, assets and liabilities of the Company, 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').

Business review

Turnover for the year ended 31 December 2020 represents the period to 3 August 2020, reporting a decrease of £1m (47%) compared to the prior year, which represents trade for the whole of 2019, at £2.1m.

Profit before taxation for the year ended 31 December 2020 is £13.8m, which includes the profit on disposal of business of £12.9m. Excluding the profit on disposal of business, the profit before tax has reduced by £0.6m from £1.5m in 2019 to £0.9m in 2020.

The results of the Company for the year ended 31 December 2020 are set out in the financial statements on pages 11 to 27.

Principal risks and uncertainties

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 REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 of business arising from a major external event.

Mitigation

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

Loss of IT Environment

Risks arising from non-performance of an IT supplier, malicious act, cyber crime and IT policies and procedures not being followed.

Mitigation

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

Information Security

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

Mitigation

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

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 run off of the business.

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 balances receivable from fellow MMC 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

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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, Brexit is not considered to be an ongoing operational or strategic risk to the Company.

The Company is not exposed to Price Risk.

Financial key performance indicators

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.

This report was approved by the board on 30 June 2021 and signed on its behalf.



T O'Dwyer
Director

CPRM LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £13.6m (2019 : £1.4 m).

The directors recommend a final dividend payment of £17,500,000 (2019: £nil) in respect of the financial year ended 31 December 2020. The dividend of £17,500 per share (£17,500,000) was settled during the year and no further dividends have been proposed.

Directors

The directors who served during the year were:

M T Reynolds
T O'Dwyer

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.

Going concern and future developments

Following the sale of the Company's trade, assets and liabilities to Mercer Limited, it is the directors' intention that the Company will become dormant with an intention to liquidate it in the future. As a result of this intention, these financial statements have been prepared on a basis other than going concern.

Engagement with employees

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.

Disabled employees

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.

CPRM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

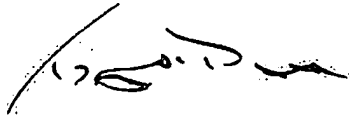
Post balance sheet events

The board of directors have agreed in principal, to a share capital reduction and an amendment to the capital contribution reserve. However, the form of this amendment has yet to be finalised and approved.

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.

This report was approved by the board on 30 June 2021 and signed on its behalf.



T O'Dwyer
Director

CPRM LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 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 , the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPRM LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CPRM 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2.2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPRM LIMITED (CONTINUED)

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 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 and internal audit about their own identification and assessment of the risks of irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPRM LIMITED (CONTINUED)

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 regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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 has been prepared in accordance with applicable legal requirements.

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

CPRM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPRM LIMITED (CONTINUED)

Matters on which we are required to report by exception

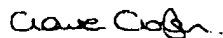
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

30 June 2021

CPRM LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	1,114	2,092
Administrative expenses		(274)	(643)
Operating profit		840	1,449
Profit on disposal of business	5	12,933	-
Interest payable and similar expenses	9	(1)	-
Profit before tax		13,772	1,449
Tax on profit	10	(159)	(26)
Profit for the financial year		13,613	1,423

The notes on pages 16 to 27 form part of these financial statements.

The above results were derived from discontinued operations. The discontinued operations relate to the trade sold to Mercer Limited, an indirect parent company, on 3 August 2020. Please see note 5 for further information.

CPRM LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	£000	£000
Profit for the financial year	13,613	1,423
Total comprehensive income for the year	13,613	1,423

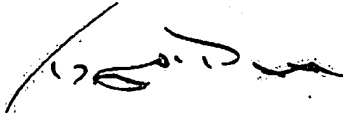
The notes on pages 16 to 27 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Current assets			
Debtors: amounts falling due within one year	11	1,224	5,068
Cash at bank and in hand	12	-	30
		<u>1,224</u>	<u>5,098</u>
Creditors: amounts falling due within one year	13	(375)	(362)
Net current assets		<u>849</u>	<u>4,736</u>
Total assets less current liabilities		<u>849</u>	<u>4,736</u>
Net assets		<u><u>849</u></u>	<u><u>4,736</u></u>
Capital and reserves			
Called up share capital	15	1	1
Capital contribution		16	16
Profit and loss account		832	4,719
		<u>849</u>	<u>4,736</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2021.



T O'Dwyer
Director

The notes on pages 16 to 27 form part of these financial statements.

CPRM LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	1	16	4,719	4,736
Profit for the year	-	-	13,613	13,613
Total comprehensive income for the year	-	-	13,613	13,613
Dividends: Equity capital	-	-	(17,500)	(17,500)
At 31 December 2020	1	16	832	849

The notes on pages 16 to 27 form part of these financial statements.

CPRM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	1	16	3,296	3,313
Comprehensive income for the year				
Profit for the year	-	-	1,423	1,423
Total comprehensive income for the year	-	-	1,423	1,423
At 31 December 2019	1	16	4,719	4,736

The notes on pages 16 to 27 form part of these financial statements.

**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 the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 3.

The address of its registered office is:

Lochside House
7 Lochside Avenue
Edinburgh
Scotland
EH12 9DJ

These financial statements were authorised for issue by the Board on 30 June 2021.

2. Accounting policies

2.1 Basis of preparation of financial statements

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.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Going concern

On 3 August 2020, the trade and net assets of the Company, excluding its fiduciary assets and liabilities, were sold to a fellow group subsidiary, as such these financial statements have been prepared on an other than going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

Following the sale of the Company's trade, assets and liabilities it is the intention of the directors that the Company will become dormant with an intention to liquidate it in the future.

No adjustments arose as a result of ceasing to apply the going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.3 Financial reporting standard 101 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7. Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.4 Impact of new international reporting standards, amendments and 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.

2.5 Turnover recognition

Income relating to employee benefit services includes fees and commissions. Fees are charged on a time-cost or fixed-fee basis and are recognised in line with the performance of the underlying service. Commission is recognised upon confirmation of the underlying policy or product.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.6 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.

Employee benefits

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)***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.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

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

Impairment of trade receivables

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. See note 11 for the net carrying amount of the receivables and associated impairment provision.

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.

4. Turnover

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

	2020	2019
	£000	£000
Employee benefit services	1,114	2,092
	<u>1,114</u>	<u>2,092</u>

5. 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 transaction resulted in the Company recognising a profit on disposal of business of £12.9m.

CPRM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Directors' remuneration

The directors received no emoluments in respect of their services to CPRM Limited during the year ended 31 December 2020 (2019: £Nil).

7. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17	17

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

8. Employees

	2020 £000	2019 £000
Wages and salaries	188	379
Social security costs	23	40
Cost of defined contribution scheme	31	57
	242	476

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Other departments	-	4

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.

CPRM LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****9. Interest payable and similar expenses**

	2020 £000	2019 £000
Interest payable from group undertakings	1	-
	<u>1</u>	<u>-</u>

10. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	159	275
Adjustments in respect of previous periods	-	(249)
	<u>159</u>	<u>26</u>
Total current tax	<u>159</u>	<u>26</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>159</u>	<u>26</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	13,772	1,449
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,617	275
Effects of:		
Adjustments to tax charge in respect of prior periods	-	(249)
Non-taxable income	(2,458)	-
Total tax charge for the year	159	26

Factors that may affect future tax charges

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

CPRM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Debtors

	2020	2019
	£000	£000
Trade receivables	-	275
Amounts owed by group undertakings	1,224	4,335
Accrued income	-	456
Deferred taxation	-	2
	<u>1,224</u>	<u>5,068</u>

12. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	-	30
	<u>-</u>	<u>30</u>

13. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Amounts owed to group undertakings	375	-
Corporation tax	-	274
Other taxation and social security	-	53
Other payables	-	35
	<u>375</u>	<u>362</u>

14. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	2	2
Arising on business combinations	(2)	-
At end of year	<u>-</u>	<u>2</u>

CPRM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Other items	-	2
	<u>-</u>	<u>2</u>

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. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
1,000 (2019 - 1,000) Ordinary shares of £1.00 each	1	1
	<u>1</u>	<u>1</u>

16. Post balance sheet events

The board of directors have agreed in principal, to a share capital reduction and an amendment to the capital contribution reserve. However, the form of this amendment has yet to be finalised and approved.

CPRM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Controlling party

The Company's immediate parent is JLT Benefit Solutions 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