Miller Insurance Services LLP

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

Registered Number OC301468

Miller Insurance Services LLP

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

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Miller Insurance Services LLP

Partnership information for the year ended 31 December 2020

Designated members:

Ben Nevis Bidco Ltd
Miller 2015 Ltd

Registered office:

70 Mark Lane
London
EC3R 7NQ
United Kingdom

Independent auditor:

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR
United Kingdom

Bankers:

Barclays Bank PLC
1 Churchill Place
London
E14 5HP
United Kingdom

Registered number:

OC301468

Miller Insurance Services LLP

Partnership Board for the year ended 31 December 2020

Executive

Greg Collins
(Chief Executive Officer)

Greg was appointed as Chief Executive Officer on 1 January 2017. Greg has worked in the insurance industry since 1977 and joined Miller in 2004 to lead its professional risks business. He was appointed to the Miller Board in 2007, became Chief Operating Officer in 2011 and subsequently Deputy Chief Executive in 2016. Greg is on the boards of the London Market Group (LMG) and The London and International Insurance Brokers' Association (LIIBA).

Non-executives

Graham Clarke
(Chairman)

Graham became Non-Executive Chairman in 2017 having previously held the position of Chief Executive of Miller from 2000-2016. He joined Miller in 1982 and was appointed to the Board in 1990.

Luigi Sbrozzi (appointed 01/03/2021)

Luigi is a Partner in Cinven's Financial Services team, and has been involved in a number of investment opportunities at Cinven, including Compre and Miller.

Caspar Berendsen (appointed 01/03/2021)

Caspar leads the Financial Services Sector team at Cinven and prior to this worked at J.P. Morgan in London advising Dutch and Belgian clients across a variety of sectors.

Peter Catterall (appointed 01/03/2021)

Peter is a member (Chair) of Cinven's Portfolio Review Committee. He is also a member of the UK and Ireland regional team.

Chris Reid (appointed 01/03/2021)

Chris is a Senior Vice President based in GIC's London office leading their Direct Private Equity investment activities in the Financial Services sector.

Independent non-executives

Nick Lyons (appointed 01/03/2021)

Nick worked as a corporate financier with JP Morgan, Salomon Brothers and Lehman Brothers for 22 years until 2003, Nick has sat on multiple financial services company boards as a non-executive since then.

Karen Green (appointed 04/05/2021)

Karen was appointed to the Board as a non-executive on 4 May 2021. She is also a Non-Executive Director of a number of financial services companies and prior to this held senior positions at Aspen Insurance Holdings including as CEO for Aspen UK and was a member of the Group Executive for 12 years. Prior to this she held various private equity, corporate development and investment banking roles at MMC Capital (now Stonepoint Capital), GE Capital, Barings and Schroders.

Miller Insurance Services LLP

Strategic report for the year ended 31 December 2020

1. Corporate developments

During the year to 31 December 2020, the following matters arose in Miller Insurance Services LLP ("the LLP" or "the partnership"):

- On 30 September 2020 Special Contingency Risks Limited and part of the Special Contingency Risks book of business, within the LLP, was sold to Willis Towers Watson ("WTW"). The sale resulted in a profit for the LLP of £10.3m that is part of other gains in the income statement (see note 26).

- On 31 December 2020 the LLP contributed its European book of business to Miller Europe SRL ("ME") in exchange for EUR 54.6m (£49m) of share capital in ME. The contribution of the business to ME resulted in a net profit for the LLP of £35.0m that is part of other gains in the income statement (see note 26).

On 1 March 2021, GIC Private Limited ("GIC"), a sovereign wealth fund established by the Government of Singapore, and Cinven Partners LLP ("Cinven"), the international private equity firm, completed the acquisition of the LLP through their investment vehicle Ben Nevis Bidco Limited.

2. Performance during the year

The key financial performance indicators used to monitor the financial performance of the partnership and its results for the year to 31 December 2020 are listed below:

- turnover has decreased from £150.3m to £147.1m, reflecting both the impact of COVID-19 and the disposal of income due to the sale of the SCR business;

- profit available for the discretionary division among members was £91.7m, which includes the net profit of £10.3m from the sale of Special Contingency Risks Limited and the Special Contingency Risks book of business and the net profit of £35.0m from the contribution of the European book of business to ME. (31 December 2019: £59.4m, including the £5m profit from the contribution of the ex-LLP Brussels and Paris business to ME);

- statement of financial position net assets increased by £30.2m to £184.2m;

- the Defined Benefit pension scheme asset decreased from £7.2m to £5.8m; and

- working capital, expressed by the statement of financial position net current assets, increased by £47.8m.

A number of further performance indicators also used are listed below:

- statement of financial position strength is measured in terms of the net assets and working capital;

- the adequacy of financial and non-financial resources are monitored against regulatory solvency requirements and using internal models that stress test our financial plans;

- business units and subsidiary companies are monitored against business plans; and

- other non-financial performance indicators are also used including regulatory and compliance indicators, speed of production of client documentation, contract certainty achievement, market settlement statistics and client, employee and partner satisfaction surveys.

3. Risks and uncertainties

Risk management framework

Miller's risk management framework is overseen by the Risk Committee. The framework is designed to capture the risks and opportunities associated with the achievement of our strategic and operational objectives. The framework applies to all areas of Miller's business. It continues to evolve and is embedded within the partnership.

The Partnership Board and Group Executive Committee ("GEC") are responsible for the design of the overall approach to corporate governance and internal control. Within this context the maintenance of appropriate internal controls at business unit level and the central functions lies with their senior management teams. Internal audit is responsible for providing independent assurance over the effectiveness of the overall control environment.

Risk register and key risks

Risks and controls are identified, assessed and reported using the risk and control assessment process and the risk register. Each risk is assessed on a gross and net basis; the latter taking account of the strength of the control environment. Each risk is allocated a risk owner, who is generally a board member or senior manager, and is responsible for managing the risk and overseeing associated controls. Each risk has a target assessment level and where risks are in excess of target, the risk owner is required to design and document appropriate mitigation activity, which is tracked through to completion.

The risk register forms the basis of the risk report which is reviewed and challenged at the risk committee and owned by the Partnership Board. The key focus of this report is risks in excess of target or those subject to material changes in the risk and control environment.

3. Risks and uncertainties (continued)

COVID-19

Description:
During the course of 2020 the COVID-19 pandemic has had an adverse impact on the following;
- Global commercial activity, including the global supply chain
- Volatility in financial markets, including equity markets, changes in interest rates and reduced liquidity
- Increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply
- Significantly reduced overall economic output.

COVID-19 risks could magnify other risks discussed in this report. For example;
- Effectiveness of external parties, including governmental and non-governmental organisations, in combating the spread and severity of COVID-19 could have a material impact on demand for our business
- Steps taken by market counterparties such as (re)insurance carriers to limit their exposures to COVID-19 and related risks could have an impact on their willingness to provide or renew coverage for our clients on historical terms and pricing, which could impact demand for our business
- Coverage disputes arising out of the pandemic could increase our professional liability risk by increasing the frequency and severity of allegations by others that, in the course of providing services, we have committed errors or omissions for which we should have liability
- Travel restrictions have caused the postponement or cancellation of various conferences and meetings around the world and adversely impacted sales activity from new clients.

The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19 on our business presenting material uncertainty and risk with respect to demand for our products and services.

COVID-19 could materially disrupt our own business operations and the services we provide, as well as the business operations of our clients, suppliers and other third parties with whom we interact as follows;
- As a result of Miller's workforce working remotely, we face resiliency risks, such as the risk that our information technology platform could potentially be inadequate to support increasing demand
- Unusual working arrangements could impact the effectiveness of our operations or controls
- Dependency on third-party platforms and other infrastructure to provide certain of our products and services, and such third-party infrastructures facing similar resiliency risks
- COVID-19 infection of any of our key colleagues could materially and adversely impact our operations
- The possibility that COVID-19 impacts other processes on which we rely, or impacts processes of third-party vendors on whom we rely, which could also materially impact our operations
- The rapidly evolving changes in financial markets could also have a material impact on our hedging strategy, which could impact our liquidity
- It is possible that COVID-19 restrictions may create difficulty in us meeting our filing or other obligations with our regulators.

All of the foregoing events or potential outcomes could cause a material adverse effect on our results of operations in any period and, depending on their severity, could also materially and adversely affect our financial condition. In addition, such events and outcomes could potentially impact our reputation with clients and regulators, among others.

Mitigation:
COVID-19 impact assessment conducted for the LLP and all Group entities
- Disaster continuity communications, systems and processes effectively invoked, allowing all Miller's people to work remotely
- Reverse stress test exercise undertaken to examine risks, controls business model vulnerabilities in the context of COVID-19
- System development and enhancement undertaken to ensure consistency of speed and resilience; and support home working including video conferencing capability, collaboration software and electronic signatures
- Firewall access and security policies under ongoing review to support effectiveness of network. Review of potential safeguards undertaken including web-conferencing, home-working infrastructure and home printing
- Staff wellbeing responses and communications remain under consistent review and have included initiatives to address physical work environment, childcare, work life balance, exercise, and psychological well-being
- Internal communication plan in place and MINT used as effective communication tool, including resource centre and community forums.
- Succession plans in place for key individuals; and business resourcing plans in place for potential future strain on resources caused by illness or other issues
- Ongoing client communications to outline Miller's response to COVID-19 and provide assurance and practical information regarding continuity of service
- Reforecasting undertaken and key strategic and financial targets remain under scrutiny
- Close monitoring of credit control data to identify any issues promptly; and consequently consider any necessity for increasing bad debt provision. Ongoing close monitoring of counterparty credit risk
- Compliance Committee continue to review control environment and implement additional monitoring where appropriate
- Client Money Committee meeting quarterly to ensure consistent application of client money related controls.

3. Risks and uncertainties (continued)

Strategy

Description:
In March 2021, a new strategy was launched, which is underpinned by measurable fast-track growth initiatives, known as value creation pillars (VCP). The strategy is formed around four key areas of focus: growth, people, operations and clients. Challenging economic conditions, increased competition (including the pending duopoly), further pressure on rates and fees, continued volatility within the insurance market and challenges to the wholesale broking model present both risks to achievement of these objectives and opportunities for Miller to adapt and evolve.

During 2020 the development of a solution to ensure continuity of service in a post-Brexit landscape was a key strategic issue. The London branch of Miller Europe was successfully established, commencing broking activities from 1st January 2021. The risks associated with Brexit continue to be monitored - particularly in respect of client servicing, individual state regulations and other emergent regulatory and legal developments.

The partnership between Cinven, GIC and independent Miller equity holders has plans for significant growth which will be achieved both organically and inorganically; through the targeted recruitment of new people, by focusing on key lines of business and through accelerated growth initiatives by making selective investments. Recent recruitment in both our core and new business areas will support our ambitious plans.

Mitigation:
- Robust business planning processes
- Diversified business portfolio supported by strong brand and platform
- Focus on long term client/market relationships and high quality customer service
- Risk assessment and due diligence in respect of strategic projects
- Investment in business change expertise to respond to technological developments
- Active support of strategic partner in growing business organically and through acquisition
- Belgian intermediary established to ensure continuity of service irrespective of the eventual post-Brexit political landscape
- Miller management working closely with WTW to ensure strategic review results in outcome for Miller that ensures strategic continuity.

Change Management

Description:
Miller has experienced an unprecedented period of change over recent years. This has continued with the conclusion of the strategic review and subsequent sale of Miller to GIC and Cinven, the continued focus on modernising working practices to support flexible working, and the effective launch of Miller Europe. These initiatives support the achievement of Miller 2025 and have been undertaken to accelerate growth opportunities and enhance Miller's ability to respond to future operational and strategic challenges.

Mitigation:
- Comprehensive approach to allocation of resources, managing innovation and the implementation of key projects
- Close oversight for all material projects with cross functional expertise appropriate to each initiative
- Experienced, skilled and well-resourced Technology and Innovation function
- Robust strategic and business planning processes ensuring co-ordinated approach to projects and alignment to business-as-usual activity
- Strong corporate governance structure supporting appropriate oversight of projects by key individual, committees and functions.

Reputation

Description:
Miller has established itself as an independent broker, acting with integrity in the interests of it clients, employees and the Market as a whole. Failure to maintain appropriate controls over reputation and conduct is considered to be a material and fundamental operational and potentially existential threat.

Mitigation:
- New bespoke FCA conduct rules training delivered to all Miller employees and partners
- Independence clearly articulated within employee and client value propositions
- Regular employee engagement surveys conducted
- Control framework designed to operate in Miller's clients' best interests and provide service excellence
- Proactive management of press engagement and promotion of Miller brand values.

3. Risks and uncertainties (continued)

__Regulation__

Description:
Miller operates within increasingly active and stringent UK and worldwide regulatory environments. Failure to understand or respond effectively to regulatory requirements may result in regulatory censure, sanctions, fines and reputational damage

Mitigation:
- Implementation of response to FCA Senior Management and Certification Regime.
- Comprehensive compliance monitoring
- Regular and robust compliance committee oversight
- Compliance and operational support structure in place across entire business
- Partner and employee training from induction and throughout career.
- Use of specialist software and external suppliers in specialist areas such as sanction monitoring
- Robust links between compliance breaches, performance review process and reward structure.

__Errors and omissions (E&O)__

Description:
Failure to establish and enforce effective broking procedures and a robust risk culture may result in operational errors and negligence claims being made against Miller, causing material financial and reputational damage.

Mitigation:
- E&O training, utilising internal and external expertise and experience, conducted for broking and claims teams
- Robust policies, procedures and controls enforcing consistent approach to broking and claims
- Strong compliance culture, with particular focus on E&O reporting
- Coordinated first, second and third lines of defence control framework – with a particular focus on independent sign-off and file reviews
- E&O insurance programme.

__People__

Description:
Miller is a people based business and the ability to recruit, develop and retain high quality staff is central to the achievement of our strategic goals. The effective management of people is considered to be a risk but also a potential catalyst for success.

Mitigation:
- Robust recruitment and selection policies and processes
- Chartered Insurance Broker status
- Robust employment contracts
- Performance review process supported by competency model and career framework
- Comprehensive approach to training and development
- Succession plans and talent management
- Bespoke management and leadership programmes
- Inclusion@Miller group continues to support Miller in driving equal opportunities and providing a more balanced workforce and senior management team
- Regular employee engagement surveys conducted.

__Foreign currency__

Description:
Miller carries out a significant proportion of its business in foreign currencies and hence is exposed to currency risk arising from fluctuation in exchange rates.

Mitigation:
- Proactive hedging programme in place to manage material currency risks
- Robust budgeting, cash flow forecasting and monitoring in place to support effective hedging decisions
- Hedging governed by formal hedging policy and all decisions approved by the GEC.

__Cyber-security__

Description:
Failure to protect, and prevent theft of, corporate intellectual property and client data from cyber security breaches through inadequate control environment, staff training, poor electronic data management and/or insufficient expertise or resource.

Mitigation:
- Email threat protection for all staff regarding phishing, spoofing and malware prevention.
- Virus protection software installed on all laptops and firewall in place.
- Various data back-ups carried out daily, weekly and monthly. Stored off-site and undergoes regular testing.
- Regular penetration testing and monthly vulnerability scanning.
- Mandatory information security training for all staff across wide range of threats.
- Progressively adopting formal industry information security standards, ISO 27001, across the organisation.

3. Risks and uncertainties (continued)

Risk appetite

The Partnership Board expresses its risk appetite across four dimensions – "capital and liquidity", "growth and profitability", "operations and people" and "regulation and reputation". In respect of each of these dimensions a number of narrative risk appetite statements are articulated and metrics are established to monitor ongoing performance against appetite. The Partnership Board's risk appetite is intended to have been a stable but dynamic expression of Miller's attitude to risk with the purpose of enhancing communication of their tolerance for risk, encouraging consistent behaviours, providing a link between risk and decision-making and promoting a focus on optimum risk taking.

Business model and resources assessment

To further examine the risks facing the organisation, risk management conducts the business model and resources assessment (BMRA), which is a review of the appropriateness of Miller's financial and non-financial resources, the vulnerabilities of its business model and consideration of the implications were the business to fail. The BMRA is conducted both as a risk management tool and to satisfy the requirements of the Financial Conduct Authority (FCA).

The BMRA consists of four elements:

- **Non-financial resources**: A review of Miller's non-financial resources and whether they are appropriate to meet the on-going needs of the business and its stakeholders, which is undertaken primarily through a comprehensive business planning process.
- **Going concern**: An assessment of Miller's capability to withstand the crystallisation of the most material risks that it faces using conventional scenario testing as part of the risk and control assessment process.
- **Reverse stress testing**: A risk management tool used to examine scenarios that might render Miller's business model unviable, thereby enabling the identification and assessment of potential business model vulnerabilities and existential threats.
- **Orderly wind-down**: An assessment of the financial resources required to ensure that Miller is able to meet its liabilities and its client and other stakeholder responsibilities in the event that its status as a going concern was to come under threat.

4. Prospects

The partnership has plans for significant growth. Organic growth will be achieved through the continued recruitment of new people, by targeting key lines of business and through accelerated growth initiatives. Inorganic growth may include investment in new areas of business or through acquisitions of businesses. Recruitment/an acquisition in both our core and new business areas will support our ambitious plans.

Approved by the members of the partnership on 30 June 2021 and signed on their behalf by:

G.E.M. Collins
Board member

Members' report for the year ended 31 December 2020

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

1. Principal business activities

During the year the principal activity of Miller Insurance Services LLP ("the LLP" or "the partnership") was insurance broking. The financial statements of the LLP are drawn up to 31 December each year.

2. Strategic report

The Strategic report on page 3 contains corporate activities, prospects and risk management.

3. Post balance sheet events

On 1 March 2021, GIC Private Limited ("GIC"), a sovereign wealth fund established by the Government of Singapore, and Cinven Partners LLP ("Cinven"), the international private equity firm, completed the acquisition of the LLP.

Ben Nevis Midco Ltd has arranged a revolving credit facility of USD32.5m that the LLP can draw down on, but has not done so to date.

Other than the events above and the corporate developments included in the strategic reports, the members are not aware of any post balance sheet events prior to the financial statements being signed that need to be disclosed or adjusted.

4. Partnership Board

The Partnership Board manages the business, and the Group Executive Committee ("GEC") supports the Chief Executive Officer. The Partnership Board comprises:

Non-executive chairman
E.R.G. Clarke

Chief Executive Officer
G.E.M. Collins

Executives
M.J. Davison (resigned 01/03/2021)

Independent non-executives
N.S.L. Lyons (appointed 01/03/2021)
K.A. Green (appointed 04/05/2021)
I.M. Buckley (resigned 01/03/2021)
J.A. Lichner (resigned 01/03/2021)

Other non-executives
L. Sbrozzi (appointed 01/03/2021)
C.A Berendsen (appointed 01/03/2021)
P.A.C. Catterall (appointed 01/03/2021)
C.P. Reid (appointed 01/03/2021)
D.M. Thomas (resigned 01/03/2021)

During the year Messrs Clarke, Collins and Davison were members of the partnership.

Designated members

The designated members are defined by the Limited Liability Partnerships Act 2000 and are responsible for the statutory duties of the partnership. During the year and up to the date of signing the financial statements, the following were the designated members:

E.R.G. Clarke (resigned 01/03/2021)
G.E.M. Collins (resigned 01/03/2021)
M.J. Davison (resigned 01/03/2021)
K.S. MacDonald (resigned 01/03/2021)

With effect from 1 March 2021 the designated members are:

Ben Nevis Bidco Ltd (appointed 01/03/2021)
Miller 2015 Ltd (appointed 01/03/2021)

5. Transactions with members

During the financial year, members' remuneration charged as an expense, being the members' fixed share of profits, totalled £5m (31 December 2019: £8m) and is included in the income statement.

During the year the capital requirement of each individual partner was £5k. Incoming members introduce their capital at par value, and retiring members are repaid their capital at par value.

As at 31 December 2020 the beneficial ownership was held by the equity partners being the Senior Partners, Miller 2015 Limited, The Dawson Partnership and Dawson Capital Limited. Following, the acquisition of the LLP on the 1st March 2021 by GIC and Cinven the equity partners are now Ben Nevis Bidco Limited, Miller 2015 Limited and Dawson Capital Limited.

In accordance with the partnership agreement as at 30 December 2020 there were three categories of members;

(i) Members

During the year, UK based members were remunerated through their allocation of partnership profits. Non-UK based members were principally remunerated through employment contracts with overseas subsidiaries, plus a fixed allocation of partnership profits.

(ii) Equity members

During the year the equity members were remunerated through their allocation of partnership profits and through a share of the profits of The Dawson Partnership and Dawson Capital Limited, which together held a 15% economic interest in the LLP.

(iii) Corporate member

- Miller 2015 Limited, a corporate partner owned by WTW, held an 85% economic interest in the LLP and was entitled to 85% of the profits available to equity partners.

The partnership's drawings policy during the year is listed below.

- Individual members were entitled to draw, on a monthly basis, an amount equivalent to their fixed share of profits.
- Members are liable for their own tax liabilities.
- The balance of profits due to the individual members was payable once the final profit allocations are determined following the year end.
- Profits due to the equity holders was paid after the approval of the audited financial statements, at the discretion of the Partnership Board.

From 1 March 2021 there are only corporate members being Ben Nevis Bidco Limited, Miller 2015 Limited and Dawson Capital Limited and profits are allocated 100% to Ben Nevis Bidco Limited.

6. Statement of members' responsibilities in respect of the financial statements

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members 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". The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the profit or loss of the firm for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

7. Going concern

The Partnership Board evaluates at each annual period whether there are conditions or events, considered in the aggregate, that raise a material uncertainty about the LLP's ability to continue as a going concern within one year after the date that the financial statements are issued. The Partnership Board's evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued.

7. Going concern (continued)

The COVID-19 pandemic ('COVID-19') has had an adverse impact on global commercial activity, including the global supply chain; and has contributed to significant volatility in financial markets, including, among others, a decline in equity markets, changes in interest rates and reduced liquidity. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output.

In light of the potential continued future disruption to the LLP's business operations and those of its clients, suppliers and other third parties with whom it interacts the Group Executive Committee ("GEC") considered it was appropriate to perform additional procedures and analysis, specific to COVID-19, to consider whether these events and uncertainties cast a material uncertainty upon the LLP's ability to continue as a going concern. These additional procedures were carried out as part of a Group wide exercise and considered business resilience and continuity plans, financial modelling, both for the LLP and wider Group, and stress testing of liquidity and financial resources.

Having assessed the responses to their enquiries, including those related to COVID-19, the members have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the LLP to continue as a going concern or its ability to repay loans due from time to time. As a consequence of the enquiries the members have a reasonable expectation that the LLP has appropriate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

8. Corporate governance

During the year to 31 December 2020, the principal governance functions of the partnership were conducted by the Partnership Board and the governance subcommittees of the LLP.

The partnership looks to the principles contained in the UK Corporate Governance code to inform its best practice. The Partnership Board normally meets four times a year to review the performance of the partnership and to approve its business plans, budgets and any other matters referred to it. Regular reports from the audit, remuneration, compliance and risk committees and other financial and business reports on key areas of operation are presented to these meetings, and other meetings are held as necessary for the Partnership Board to fulfil its duties.

A review of the effectiveness of the Partnership Board is conducted on a periodic basis.

Miller operates a three lines of defence model:

- The first line of defence is the business. It is the business units and management services that are responsible for the identification and management of risks and establishing appropriate internal controls.
- The second line of defence is the risk function and compliance monitoring function and the risk and compliance committees, who are responsible for risk oversight and providing challenge to the business.
- The third line of defence is internal audit and the audit committee, who are responsible for providing independent assurance over internal controls and risk management.

Group executive committee

G.E.M.	Collins (Chair)
R.J.	Alexander
G.J.	Clark (resigned 01/03/2021)
M.J.	Davison
S.	Downey
J.C.	Eltham
J.M.	Hands
K.S.	MacDonald
T.W.	Norman
M.P.	Papworth
T.J.	Press
B.R.	Speers

The GEC supports the Chief Executive Officer to whom the Partnership Board delegates authority for the day to day management of the partnership and for developing strategy. The committee meets on a monthly basis and formally each quarter.

The audit, risk and remuneration committees are chaired by non-executive members of the Partnership Board. The composition and roles of these committees are as follows:

8. Corporate governance (continued)

Audit committee

I.M.	Buckley (resigned as Chair and from the committee 01/03/21)
D.M.	Thomas (resigned 01/03/21)
J.A.	Lichner (resigned 01/03/21)
N.S.L.	Lyons (appointed Chair 01/03/21)
L.	Sbrozzi (appointed 01/03/21)
P.A.C.	Catterall (appointed 01/03/21)
K.A.	Green (appointed 04/05/2021)

During the year, the committee held five meetings and members attended all meetings they were eligible to attend.

The committee has delegated responsibility from the Partnership Board for reviewing the independence of the auditor on an annual basis. It also considers the non-audit services provided by the auditor to ensure that the objectivity and independence of the auditor is maintained.

The committee also reviews the financial statements and auditor's management letters and approves the internal audit schedule and all internal audit reports. Furthermore, it receives reports from the risk and compliance committees.

Risk committee

J.A.	Lichner (resigned as Chair and from the committee 01/03/21)
I.M.	Buckley (resigned 01/03/21)
E.R.G.	Clarke (resigned 01/03/21)
B.R.	Speers (resigned 01/03/21)
S.T.	Charnock (resigned 01/03/21)
M.J.	Davison (resigned 01/03/21)
J.D.	Fussell (resigned 01/03/21)
N.S.L.	Lyons (appointed Chair 01/03/21)
L.	Sbrozzi (appointed 01/03/21)
P.A.C.	Catterall (appointed 01/03/21)
K.A.	Green (appointed 04/05/2021)

During the year, the committee held four meetings and members attended all meetings they were eligible to attend.

The risk committee has delegated responsibility from the Partnership Board for identifying and managing the risks faced by the partnership.

Remuneration committee

I.M.	Buckley (resigned as Chair and from the committee 01/03/21)
E.R.G.	Clarke (resigned 01/03/21)
G.E.M.	Collins
D.M.	Thomas (resigned 01/03/21)
J.A.	Lichner (resigned 01/03/21)
P.A.C.	Catterall (appointed as Chair 01/03/21)
L.	Sbrozzi (appointed 01/03/21)
C.P.	Reid (appointed 01/03/21)
K.A.	Green (appointed 04/05/2021)

The committee is responsible for reviewing the remuneration of all board members, equity members and certain senior executives.

During the year, the committee met twice and members attended all meetings they were eligible to attend.

The compliance committee is chaired by executives. The composition and role is as follows:

Compliance committee

G.E.M.	Collins (Chair)
M.J.	Davison
J.D.	Fussell
B.R.	Speers

The committee's primary role is to assist the board in meeting its regulatory obligations and ensuring that the operations of the partnership comply with their legal, statutory and regulatory requirements.

During the year, the committee held five meetings and members attended all meetings they were eligible to attend.

The performance of all committees is monitored at Partnership Board meetings and the terms of reference and membership of all committees are reviewed on a regular basis.

9. Streamlined energy and carbon reporting

Scope of this report

UK's Streamlined Energy and Carbon Reporting (SECR) requires that large companies must provide an annual energy and carbon report focused on their UK operations. The LLP only has UK operations, hence, the numbers reported below relate to the whole of the LLP. The data in this report is for the period 1 January 2020 to 31 December 2020, unless specified.

During the course of 2020, office-based operations were significantly reduced, thereby reducing the overall potential carbon footprint. As this is the first year of this disclosure, a comparison against the data for the year ended 2019 has not been possible. However, the offices remained shut but for a skeleton colleague base between the months of March and September 2020. In September 2020, the offices in the UK re-opened for colleagues but were closed again in December 2020. Therefore, the data for greenhouse gas emissions is reflective of the COVID-19 situation and an increase is expected in 2021.

GHG emissions and energy usage data

	UK operations
	2020
Emissions from combustion of gas (Scope 1 – tonnes of CO_2e)	0
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO_2e)	0
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO_2e)	158
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO_2e)	0.28
Total gross CO_2e based on above	**158**
Energy consumption used to calculate emissions – kwh	678,679
Intensity measurement: tonnes of CO_2e per £m turnover	1.08

The LLP has chosen to use tonnes of CO2e per £m Turnover for its Intensity Ratio. As this is the first year of reporting, there are no comparisons of change from previous years.

Quantification and Reporting Methodology

The LLP has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (electricity) has been obtained from 70 Mark Lane Property Manager. Transport mileage data was provided for employee owned vehicles as there are no company cars. CO2 emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information and retained within the organisations data file for reference where required.

10. Employee involvement

The partnership's policy is to provide equal opportunities of employment, irrespective of gender, religion, race, age, marital status, sexual orientation or disability. Accordingly, the partnership will give due consideration to applications for employment by disabled persons and to the continued employment and training of persons who become disabled during their period of employment by the partnership.

Following Miller signing up to the Lloyd's Diversity and Inclusion Charter, Miller formed its own Inclusion@Miller group. The group assists the Board to formulate and execute a clear strategy and practical plans to increase diversity and foster greater inclusion within Miller.

The Employee Forum gives employees a chance to voice their views and opinions to the GEC and senior leaders at Miller, whilst giving the GEC the opportunity to provide employees with updates on current matters.

Employees are kept informed of the performance of the business and matters affecting them as employees by means of weekly news bulletins and regular briefings.

11. Political and charitable donations

Contributions during the year to UK charitable organisations amounted to £65,647 (31 December 2019: £81,629). No political donations were made during the year.

12. Liability of members and officers

The partnership has insured its members and officers against liability.

Miller Insurance Services LLP

Members' report for the year ended 31 December 2020 (continued)

13. Auditor

Each of the persons who is a Partnership Board member at the date of approval of this report confirms that:

- so far as the member is aware, there is no relevant audit information of which the partnership's auditor is unaware; and
- the member has taken all steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Deloitte LLP has indicated its willingness to be reappointed for another term as auditor and appropriate arrangements are being made to effect the reappointment in accordance with the partnership agreement.

Approved by the members of the partnership on 30 June 2021 and signed on their behalf by:

G.E.M. Collins
Board member

Miller Insurance Services LLP

Independent auditor's report for the year ended 31 December 2020

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Miller Insurance Services LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership'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 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in members' interests; and
- the related notes 1 to 30.

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 limited liability partnership 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 members' 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 limited liability partnership'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 members with respect to going concern are described in the relevant sections of this report.

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 members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and 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 members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership 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 limited liability partnership's industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the limited liability partnership 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, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty. These included the limited liability partnership's operating licence, regulatory solvency requirements and environmental regulations.

We discussed among the audit engagement team, including relevant internal specialists such as IT 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 area, and our specific procedures performed to address it are described below:

The limited liability partnership earns fees, brokerage commissions and profit commissions from its insurance broking activities. We have assessed that there is a significant fraud risk that profit commission income is not complete and brokerage commission and fee income is inappropriately accelerated or deferred between accounting periods, particularly for multi-annual contracts.

- We have obtained an understanding of the revenue process, including procedures for determining the commission percentages in accordance with policies and binder agreements, data models and assumptions used to recognise profit commission and the flow of financial information into the general ledger;
- Assessed the design, implementation and operating effectiveness of controls in the revenue process specifically focusing on the controls that address revenue recognition of profit commission and multi-annual contracts; and
- Performed additional cut-off testing around the year-end date by selecting additional samples for revenue recognised in December 2020 and January 2021 to identify any transactions which may have been erroneously recognised as revenue in the incorrect period.

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 and external 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, reviewing internal audit reports and reviewing correspondence with relevant regulatory authorities.

Miller Insurance Services LLP

Independent auditor's report for the year ended 31 December 2020 (continued)

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Rush FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 June 2021

Miller Insurance Services LLP

Income Statement for the year ended 31 December 2020

		31 December 2020			31 December 2019		
		Continuing operations	Discontinued operations (a)	Total	Continuing operations	Discontinued operations (a)	Total
	Notes	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Turnover	4	110,965	36,114	147,079	118,512	31,797	150,309
Administrative expenses		(71,502)	(25,559)	(97,061)	(66,481)	(22,106)	(88,587)
Other operating income	5	2,213	-	2,213	1,058	-	1,058
Other gains	6	46,179	-	46,179	4,516	-	4,516
Operating Profit	7	**87,855**	**10,555**	**98,410**	**57,605**	**9,691**	**67,296**
Interest receivable and similar income	9	858	-	858	2,411	-	2,411
Interest payable and similar costs	10	(1,740)	-	(1,740)	(2,401)	-	(2,401)
Profit before tax for the financial year before members' remuneration and profit share		**86,973**	**10,555**	**97,528**	**57,615**	**9,691**	**67,306**
Tax (expense)/credit	11	(517)	-	(517)	127	-	127
Profit after tax for the financial year before members' remuneration and profit share		**86,456**	**10,555**	**97,011**	**57,742**	**9,691**	**67,433**
Members' remuneration charged as an expense	12	(5,317)	-	(5,317)	(8,051)	-	(8,051)
Profit for the financial year available for discretionary division among members		**81,139**	**10,555**	**91,694**	**49,691**	**9,691**	**59,382**

(a) Breakdown of discontinued operations between the sale of part of the Special Contingency Risks book of business within the LLP sold to Willis Towers Watson, and the contribution of the European book of business to Miller Europe SRL, provided in note 27.

Miller Insurance Services LLP

Statement of comprehensive income for the year ended 31 December 2020

		31 December 2020	31 December 2019
	Notes	£'000s	£'000s
Profit for the financial year available for discretionary division among members		91,694	59,382
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	23	(7,144)	(10,709)
Items that may be subsequently reclassified to profit or loss			
Income hedges:			
Fair value (losses)/profits arising during the year		(1,154)	3,114
Profits recycled to the Income Statement	6	929	1,967
Other comprehensive expense for the year		**(7,369)**	**(5,628)**
Total comprehensive income for the financial year attributable to the members		**84,325**	**53,754**

Miller Insurance Services LLP

Statement of financial position as at 31 December 2020

	Notes	31 December 2020 £'000s	31 December 2019 £'000s
Fixed assets			
Goodwill	13	16,502	35,081
Other intangible assets			
- Software	13	9,468	10,300
- Customer relationships	13	12,637	29,099
Total other intangible assets		22,105	39,399
Tangible fixed assets	14	10,088	11,302
Right-of-use asset	15	22,207	27,189
Investments in group undertakings	16	61,722	39,522
Other investments	16	100	100
		132,724	**152,593**
Current assets			
Debtors	17	107,034	79,710
Investments	18	6,500	6,500
Cash at bank and in hand	19	169,227	175,581
		282,761	**261,791**
Creditors: amounts falling due within one year	20	(202,333)	(229,239)
Lease liabilities due within one year	21	(3,520)	(3,406)
Net current assets		**76,908**	**29,146**
Pension surplus	23	5,840	7,166
Total assets less current liabilities		**215,472**	**188,905**
Lease liabilities due after more than one year	21	(31,190)	(34,710)
Creditors - Provisions			
Provisions for liabilities			
- E&O provision	22	(122)	(161)
- Legal disputes	22	-	(106)
Net assets		**184,160**	**153,928**
Represented by:			
Loans and other debts due to members			
Members' capital classified as liability		90	180
		90	**180**
Members' other interest			
Members' capital classified as equity		97,300	97,300
Hedging valuation reserve	6	2,051	2,276
Other reserves		84,719	54,172
		184,070	**153,748**
		184,160	**153,928**
Total members' interests			
Members' other interests		184,070	153,748
Loans and other debts due to members		90	180
Amounts due from members		(6)	(17)
		184,154	**153,911**

The financial statements on pages 17 to 20 were approved and authorised for issue by the members of the partnership on 30 June 2021 and signed on their behalf by

Board member: ....

G.E.M. Collins

Registered Number OC301468

The notes on pages 21 to 45 are an integral part of these financial statements.

Miller Insurance Services LLP

Statement of changes in members' interests for the year ended 31 December 2020

	EQUITY					LIABILITY			TOTAL
						Loans and other debts due to members			
	Members' capital (classified as equity)	Income hedge reserve	Remeasurement of defined benefit pension scheme reserve	Members' other reserves	Sub total	Members' capital (classified as liability)	Other amounts	Sub total	
12 months ending 31 December 2019									
Members' interest as at 1 January 2019	97,300	(2,805)	(2,293)	51,468	143,670	199	-	199	143,869
Profit for the financial year available for discretionary division among members	-	-	-	59,382	59,382	-	-	-	59,382
Other comprehensive income/(expense)									
Remeasurement of defined benefit pension scheme	-	-	(10,709)	-	(10,709)	-	-	-	(10,709)
Total movement in income hedges including transfer to the Income Statement	-	5,081	-	-	5,081	-	-	-	5,081
Members' interests after total comprehensive income for the financial year	97,300	2,276	(13,002)	110,850	197,424	199	-	199	197,623
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	-	-	-	8,051	8,051	8,051
Profit allocated to members during the year	-	-	-	(43,676)	(43,676)	-	43,676	43,676	-
Introduction of capital - individuals	-	-	-	-	-	6	-	6	6
Repayment of capital - individuals	-	-	-	-	-	(25)	-	(25)	(25)
Drawings	-	-	-	-	-		(51,727)	(51,727)	(51,727)
Members' interests as at 31 December 2019	97,300	2,276	(13,002)	67,174	153,748	180	-	180	153,928
12 months ending 31 December 2020									
Members' interest as at 1 January 2020	97,300	2,276	(13,002)	67,174	153,748	180	-	180	153,928
Profit for the financial year available for discretionary division among members	-	-	-	91,694	91,694	-	-	-	91,694
Other comprehensive income/(expense)									
Remeasurement of defined benefit pension scheme	-	-	(7,144)	-	(7,144)	-	-	-	(7,144)
Total movement in income hedges including transfer to the Income Statement	-	(225)	-	-	(225)	-	-	-	(225)
Members' interests after total comprehensive income for the financial year	97,300	2,051	(20,146)	158,868	238,073	180	-	180	238,253
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	-	-	-	5,317	5,317	5,317
Profit allocated to members during the year	-	-	-	(54,003)	(54,003)	-	54,003	54,003	-
Introduction of capital - individuals	-	-	-	-	-	8	-	8	8
Repayment of capital - individuals	-	-	-	-	-	(98)	-	(98)	(98)
Drawings	-	-	-	-	-		(59,320)	(59,320)	(59,320)
Members' interests as at 31 December 2020	97,300	2,051	(20,146)	104,865	184,070	90	-	90	184,160

Members' other reserves relates to profits for the financial year available for discretionary division among members, less profits allocated to members during the year.

Notes to the financial statements for the year ended 31 December 2020

1. General information

Miller Insurance Services LLP ("the LLP" or "the partnership") is incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnership Act 2000. The address of the registered office is given on page 1. The principal activity of the LLP is the provision of insurance broking services. The LLP also operates through its trading subsidiaries (listed in note 16).

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the partnership operates.

These financial statements are separate financial statements. The partnership has taken advantage of Section 401 of the Companies Act 2016 in not preparing consolidated financial statements on the basis that it is included in the group accounts of Willis Towers Watson PLC (WTW) – the group accounts of Willis Towers Watson PLC are available as set out in note 29. On 1 March 2021, GIC Private Limited ("GIC"), a sovereign wealth fund established by the Government of Singapore, and Cinven Partners LLP ("Cinven"), the international equity firm, completed the acquisition of Miller Insurance Services LLP and its subsidiaries.
The registered office address of the parent company preparing 2020 consolidated accounts is Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland.
The Partnership has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has applied/adopted the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that were effective for accounting periods beginning on or after 1 January 2016.

The LLP did not adopt any new International Financial Reporting Standards ("IFRSs") or interpretations ("IFRICs") issued by the International Accounting Standards Board ("IASB") during the year ended 31 December 2020 and no amendments to IFRSs or International Accounting Standards ("IASs") issued or adopted by the IASB had a significant effect on its financial statements.

The LLP adopted a new International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") during the year ended 31 December 2019, IFRS 16 Leases which supersedes IAS 17 'Leases' ('IAS 17'). The standard became mandatorily effective for the LLP on 1 January 2019.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, measuring the right-of-use asset similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments and payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

Lease liabilities and right-of-use assets are presented separately on the statement of financial position.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The LLP assessed the transition practical expedients available under the guidance and, in addition to selecting the cumulative catch-up transition approach as noted above, made the following elections:

- Lease definition practical expedient: the LLP elected not to reassess whether a contract is, or contains, a lease.
- Initial direct costs practical expedient: the LLP elected to exclude any initial direct costs from the measurement of the right-of-use asset at 1 January 2020.
- Hindsight practical expedient: as permitted under the transition rules, the LLP did not revisit its estimate of lease terms upon transition to IFRS 16.
- Short-term lease exemption and low-value underlying assets exemption: the LLP elected these exemptions, and therefore did not recognise on the statement of financial position any right-of-use assets or liabilities for short-term leases (generally defined as having a term of 12 months or less) or for leases of low-value assets (such as tablets, personal computers, small items of office furniture and telephones).

The LLP chose to measure the right-of-use asset for each lease previously classified as an operating lease under IAS 17 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in conformity with Financial Reporting Standard 101 (FRS 101) on the historical cost basis, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

- Disclosure of the reasons for and synergies expected to occur in the business combination, details of contingent consideration arrangements, fair value of assets and contingent liabilities, acquisition related costs, as well as disclosure of the amount goodwill that is deductible for tax purposes.

- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments and the hedge accounting disclosures required by IFRS 7.

- Comparative information has not been given in respect of:
  - a reconciliation of the carrying amount of each class of property, plant and equipment at the beginning of the year;
  - a reconciliation of the carrying amount of each class of intangible assets at the beginning of the year.

- The requirement to disclose information relating to the partnership's objectives, policies and processes for managing capital.

- The requirement to disclose the future impact of a new IFRS in issue but not effective at the reporting date.

- The requirement to disclose certain requirements of IFRS 13, IFRS 15 and IFRS 16.

- The requirement to disclose compensation for key management.

- The requirements to disclose related party transactions entered into between two or more, wholly owned, members of a group.

- Disclosure of the allocation of goodwill and intangibles across cash generating units and details of the assumptions used to calculate the recoverable amount of goodwill and intangible assets across cash generating units.

- The requirement to include a cash flow statement in the financial statements.

2.2 Period of account and comparative period of account

These financial statements cover the year from 1 January 2020 to 31 December 2020.

The comparative period of these financial statements is the year from 1 January 2019 to 31 December 2019.

2. Summary of significant accounting policies (continued)

2.3 Going concern

The LLP meets its day-to-day working capital requirements through its cash reserves. The LLP's forecasts and projections, taking account of possible changes in its trading performance, show that the LLP should be able to operate within the level of its cash reserves. The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future and that accordingly it is appropriate for these financial statements to have been prepared on the going concern basis.

The COVID-19 pandemic ('COVID-19') has had an adverse impact on global commercial activity, including the global supply chain; and has contributed to significant volatility in financial markets, including, among others, a decline in equity markets, changes in interest rates and reduced liquidity. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output.

In light of the potential continued future disruption to the LLP's business operations and those of its clients, suppliers and other third parties with whom it interacts the members considered it was appropriate to perform additional procedures and analysis, specific to COVID-19, to consider whether these events and uncertainties cast a material uncertainty upon the LLP's ability to continue as a going concern. These additional procedures were carried out as part of a Group wide exercise and considered business resilience and continuity plans, financial modelling, both for the LLP and wider Group, and stress testing of liquidity and financial resources.

Having assessed the responses to their enquiries, including those related to COVID-19, the members have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the LLP to continue as a going concern or its ability to repay loans due from time to time. As a consequence of the enquiries the members have a reasonable expectation that the LLP has appropriate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Consolidation

The financial statements present information about the LLP as an individual undertaking and not about its group, as the partnership has taken advantage of the exemption provided by Section 401 of the Companies Act 2006 as applied to Limited Liability Partnerships, as it is a subsidiary undertaking of Miller 2015 Limited, a company incorporated in the United Kingdom, and is included in the 2020 consolidated financial statements of Willis Towers Watson PLC, a company incorporated in Ireland.

2.5 Foreign currencies

Items included in the financial statements of the LLP are measured using the currency of the primary economic environment in which the LLP operates ('the functional currency'). The financial statements are presented in 'pounds sterling' (£000s), which is also the LLP's functional and reporting currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All fair values relating to effective hedges are taken to reserves. All other foreign exchange gains and losses are presented in the income statement.

2.6 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate the cost less residual values over the useful economic lives as follows:

• Leasehold improvements	7% to 33% straight line
• Right-of-use lease asset	9% straight line
• IT hardware	10% to 33% straight line
• Fixtures, fittings and equipment	7% to 33% straight line
• Motor vehicles	33% straight line

The accounting treatment of the cost of assets under development is to capitalise these costs as they are incurred and to begin to depreciate them when they are fully operational. Subsequently, further development costs are to be written off in full as they are incurred, unless they provide an enhancement of the economic benefits of the asset, in which case the cost is capitalised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2. Summary of significant accounting policies (continued)

2.7 Business combinations of trade and assets

Acquisitions of businesses that result in a full, or part, transfer of ultimate ownership are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the LLP, liabilities incurred by the LLP to the former owner(s) of the business and the equity interest issued by the LLP in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred over the fair value of identifiable net assets of the acquired business. If the total consideration transferred is less than the fair value of net assets acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement. Goodwill is assumed to have an indefinite life and is recognised at its initial value less any impairment.

Acquisitions of businesses that do not result in any transfer of ultimate ownership are accounted for using a hybrid accounting method. The consideration transferred in a business combination are measured at fair value as outlined above. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at the carrying value in the financial statements of the former owner(s) of the business at the acquisition date.

2.8 Disposals of group undertakings and books of business

The LLP recognises the proceeds from a sale of a group undertaking or book of business in the financial period that the sale completes. The carrying value of the cost of investment in a disposed group undertaking and assets/liabilities that relate to the book of business sold are offset against the sale proceeds to arrive at the profit or loss from the disposal.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially recognised and measured as set out above (note 2.8). The Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 require the amortisation of goodwill. However, the LLP believes the amortisation of goodwill would not give a true and fair view because:

- Not all goodwill declines in value; and
- Goodwill that does decline in value rarely does so on a straight-line basis.

Consequently, straight-line amortisation of goodwill over an arbitrary period does not reflect economic reality and thus does not provide useful information to financial statement users. The LLP is therefore invoking the 'true and fair view override' described above. The LLP is not able to reliably estimate the impact on the financial statements of the true and fair view override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known. Consequently, the LLP does not amortise goodwill but reviews it for impairment annually and whenever facts or circumstances indicate that the carrying amounts may not be recoverable.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that expect to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Intangible assets acquired in a business combination – customer relationships

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date (which is regarded as their cost). Subsequent to initial acquisition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives; useful life 8-14 years.

(c) Computer software

Software costs, which include external costs from suppliers and internally generated software, are stated at historic cost less amortisation. Amortisation is calculated using the straight-line method to allocate the cost less residual values over the useful economic lives as follows:

- Computer software 10%-33% straight line

The asset's residual values and useful economic lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

2. Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.11 Financial assets

Classification

The LLP classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The LLP's loans and receivables include 'trade debtors and other receivables' in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the LLP commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the LLP has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other gains/(losses)' (net) in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as other income when the LLP's right to receive payments is established.

Loans and other receivables are recognised initially at fair value and subsequently measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.12 Investments in group undertakings

Investments in group undertakings are held at cost less accumulated impairment losses.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the LLP or the counterparty.

2.14 Impairment of financial assets

The LLP assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2. Summary of significant accounting policies (continued)

2.15 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. All hedges are designated as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (income hedge).

The LLP documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The LLP also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or income of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in notes 17 and 20. Movements on the hedging reserve in other comprehensive income are shown in note 6. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as income hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'Other gains/(losses)' (net).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'Other gains/(losses)' (net).

2.16 Insurance broking debtors and creditors

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. In recognition of this relationship, unrealised debtors and associated creditors from insurance broking transactions are not included as an asset or liability of the LLP. Other than the receivable for revenue not yet received for fees and commissions earned on a transaction ('Uncollected Brokerage') and fiduciary cash received together with the matching obligations included as a fiduciary creditor, no recognition of the insurance transactions occurs. This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions.

2.17 Discontinued operations

A discontinued operation is a component of the LLP's business that represents a separate major line of business or geographical area of operations that has been disposed of or meets the criteria to be classified as held for sale.

Discontinued operations are presented in the income statement as a separate line and are shown net of tax.

2.18 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and fiduciary (client) funds. Restricted funds are those that are held in the bank accounts of the LLP on behalf of clients, but which cannot be used by the LLP for its own benefit nor for any other purpose. However, the LLP has the right to receive investment income earned on the cash held.

2.19 Members' interests

Amounts advanced by individual members by way of loan, capital contribution or repayable amounts owed to members by the LLP in respect of profits and any other amounts, are classified as a liability.

Amounts that are owed to members and do not have to be distributed or repaid by the LLP such as the corporate members' capital contribution and undistributed profits, are classified as equity.

Amounts owed by members are recorded within debtors.

2.20 Creditors

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

2. Summary of significant accounting policies (continued)

2.21 Current and deferred income tax

The taxation payable on the partnership profits is the liability of the individual members. Consequently neither partnership taxation nor related deferred taxation arising in respect of the partnership are accounted for in these financial statements, other than the corporation tax relating to the LLP's Paris and Brussels branches. The corporate members, Miller 2015 Limited and Dawson Capital Limited are liable for any corporation tax arising on their share of profits of the LLP and the partners of The Dawson Partnership are liable for any income tax arising on their share of profits of the LLP.

2.22 Employee benefits

Defined contribution pension plan

A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. The LLP 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. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the LLP pays contributions to privately administered pension insurance plans. The LLP has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit pension plan

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The valuation as at 31 December 2020 has resulted in a net defined benefit asset of £5.8m which has been recognised in the financial statements as the partnership has an unconditional right to a refund of any ultimate scheme surplus. In addition, no deferred tax liability for this asset has been recognised as the partnership is transparent for tax purposes and thus it is the members who are liable for tax on partnership profits.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to members' interest in other comprehensive income in the period in which they arise.

The amount charged or credited to interest payable and similar costs or interest receivable and similar income is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past-service costs are recognised immediately in the income statement.

A full actuarial valuation is carried out every three years. The last such valuation was carried out as at 1 May 2019, using the projected unit method. The scheme closed to accrual of benefits on 30 April 2013.

2.23 Provisions

Provisions are recognised when: the LLP has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.24 Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for brokerage services completed, stated net of discounts, returns and value added taxes. Revenue is recognised when placement is completed or at the inception date of the policy, whichever is later. In addition, an element of income is deferred to take account of future servicing obligations. Alterations to brokerage arising from return and additional premiums and other adjustments are taken into account as and when they occur.

Profit commissions are recognised once all of the premiums and claims relating to the underlying policies are substantially known, and as a result the net profit, from which the profit commissions are calculated, becomes substantially known and is agreed by underwriters.

Where profit commissions are insured, the commissions are recognised when a reliable estimate of the premiums can be made. Claims on the insurance policy are not made until all of the claims relating to an underlying policy are known.

2. Summary of significant accounting policies (continued)

2.25 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the LLP reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.26 Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

2.27 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.28 Leases

Property leases

The LLP enters into lease agreements, as a lessee, from time to time, primarily for the use of property for office space. It determines if an arrangement is a lease at the inception of the contract, and the nature of its operations is such that it is generally clear whether an arrangement contains a lease and what underlying asset is being leased. Upon entering into leases, it obtains the right to control the use of an identified space for a lease term and recognise these right-of-use assets on the statement of financial position with corresponding lease liabilities reflecting the obligation to make the related lease payments. Right-of-use assets are amortised over the term of the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The LLP's property leases are generally long-term in nature, with terms of 15 years. Its most significant lease supports London market operations with a lease term to 2029. The property leases often contain options to renew the lease, either through exercise of the option or through automatic renewal. Additionally, certain leases have options to cancel the lease with appropriate notice to the landlord prior to the end of the stated lease term. As the LLP enters into new leases, it will consider these options as it assesses lease terms in its recognised right-of-use assets and lease liabilities. If the LLP is reasonably certain to exercise an option to renew a lease, it includes this period in the lease term. To the extent that it has the option to cancel a lease, it recognises the right-of-use assets and lease liabilities using the term that would result from using this earlier date. If a significant penalty is required to cancel the lease at an earlier date, it assesses its lease term as ending at the point when no significant penalty would be due.

The LLP recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets

The LLP remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The LLP did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

2. Summary of significant accounting policies (continued)

2.28 **Leases** (continued)

Variable payments

In addition to payments for previously-agreed base rent, many of the lease agreements are subject to variable and unknown future payments, typically in the form of common area maintenance charges (a non-lease component as defined by IFRS 16) or property taxes. These variable payments are excluded from the lease liabilities and right-of-use assets, and instead are recognised as lease expense within administrative expenses on the income statement as the amounts are incurred. To the extent that the LLP has agreed to fixed charges for common area maintenance or other non-lease components, or the base rent increases by an index or rate (most commonly an inflation rate), these amounts are included in the measurement of the lease liabilities and right-of-use assets. The LLP has elected the practical expedient under IFRS 16 which allows the lease and non-lease components to be combined in its measurement of lease liabilities and right-of-use assets.

Subleases

From time to time the LLP may enter into subleases, as an intermediate lessor, if it is unable to cancel or fully occupy a space and are able to find an appropriate subtenant. However, entering subleases is not a primary objective of the business operations and these arrangements represent an immaterial amount of cash flows. The LLP, as an intermediate lessor, classifies its subleases as finance leases or operating leases.

Incremental borrowing rates

Because the discount rates implicit in the leases are generally not readily determinable, the LLP is required to use judgement in the determination of the incremental borrowing rates used to calculate the present values of its future lease payments. Since the parent company (WTW), as at 31 December 2020, is publicly-traded, the LLP has determined it appropriate to use the WTW group's consolidated unsecured borrowing rate of 3.3%, and adjust for collateralisation in accordance with IFRS 16. Using the resulting interest rate curves from publicly-traded debt at this collateralised borrowing rate, the LLP selects the interest rate at lease inception by reference to the lease term and lease currency.

2.29 **Discretionary distributions**

Discretionary distributions to the partners are recognised as a liability in the LLP's financial statements in the period in which the distributions are approved by the Partnership Board.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimation uncertainty

Defined benefit pension scheme

The LLP has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 23 for the disclosures of the defined benefit pension scheme.

Estimated impairment of goodwill

The LLP tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates which may differ from actual outcomes.

Income hedge effectiveness

Hedge effectiveness is determined with reference to a calculation which is based on forecast income. It is probable that actual income will vary from the expected amounts.

Fair value of intangible assets acquired in business combinations

The fair value of intangible assets acquired as part of business combinations is determined with reference to discounted expected future cash flows directly attributable to the intangible assets. The assumptions used in the calculations reflect historical experience and industry knowledge. Where actual cash flows vary from expectations, impairment of the assets may be required. Any impairments are dealt with in the period in which the impairment is identified.

3. Critical accounting estimates and judgements (continued)

Impairment of loans and receivables

Management judgement is required to assess at the end of each reporting period whether there is any objective evidence that loans and receivables are impaired and, if so, to determine the amount of any impairment loss. No impairment loss was recognised in the year to 31 December 2020 or 31 December 2019.

Impairment of right-of-use assets

Management judgement is required to assess whether right-of-use assets are impaired. The judgements include estimating recoverable amount generated from the asset and discount rates applied on future cash flows. An impairment loss was recognised in the year to 31 December 2020 (£2.2m)- see note 15.

Critical Judgements

Leases

Management judgement has been applied in the classification of leases of properties of which the LLP is a lessee, resulting in the recognition of assets and liabilities in the statement of financial position, based on an evaluation of the terms and conditions of the arrangements and also in the assessment of future commitments under these leases. Management judgement is required to determine the incremental borrowing rates used to calculate the present values of the LLP's future lease payments. See note 1 for further details.

Impairment of investments in subsidiaries

Determining whether the LLP's investments in a subsidiary has been impaired requires estimations of the investment's fair value, less costs of disposal, and/or value in use. Management judgement is required to identify comparable recent transactions and/or to estimate the future cash flows expected to arise from the investments and select a suitable discount rate to use in calculating present value. See note 16 for the carrying amount of investments in subsidiaries. No impairment was recognised in the year to 31 December 2020 or 31 December 2019.

Deferred revenue

An element of income is deferred to take account of future servicing obligations. There is a level of subjectivity in the calculation method that is adopted. The calculation is based on claims and post placement production activity.

4. Turnover

	31 December 2020			31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Analysis of turnover:						
Insurance intermediary services	110,965	36,114	147,079	118,512	31,797	150,309

The partnership's turnover has not been geographically segmented, as the members believe that disclosure of this information would not be meaningful.

The LLP incurs costs to obtain or fulfil contracts which it would not incur if a contract with a customer was not executed.

The following table shows the categories of costs that are capitalised and deferred over the expected life of a contract:

	Costs to fulfil	
	31 December 2020	31 December 2019
	£'000s	£'000s
Opening balance	3,152	3,886
New capitalised costs	15,413	17,717
Amortisation	(15,168)	(18,451)
Disposal (a)	(377)	-
Closing balance	3,020	3,152

(a) As part of the sale of the Special Contingency Risks book of business on 30 September 2020 to Willis Towers Watson.

5. Other operating income

	31 December 2020	31 December 2019
	£'000s	£'000s
Analysis of other operating income:		
Rental income	2,213	1,058

This relates to rental income on the sub-let of one floor of the 70 Mark Lane office.

The LLP had contracted with tenants for the following future minimum lease receivables:

	31 December 2020	31 December 2019
	£'000s	£'000s
No later than one year	-	895
Later than one year and not later than five years	-	407
	-	1,302

On 27 August 2020 the tenant of the sub-let of one floor of the 70 Mark Lane office surrendered the lease, paying up the full amount that was due over the remainder of the lease.

6. Other gains/(losses)

	31 December 2020	31 December 2019
	£'000s	£'000s
Foreign exchange gains/(losses)		
- Hedge ineffectiveness on the income hedging derivatives	(448)	(1,521)
- Fair value movement of undesignated derivatives	1,293	1,037
- Profit on disposal of company/book of business (note 26)	45,353	5,000
- Loss on disposal of fixed assets	(19)	-
	46,179	4,516

Derivative Financial instruments summary

	31 December 2020			31 December 2019		
	Derivative asset	Derivative liability	Net asset/liability	Derivative asset	Derivative liability	Net asset/liability
	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Closing balance	1,608	(77)	1,531	1,784	(872)	912

All derivative assets and liabilities at 31 December 2020 and 31 December 2019 were effective derivatives at fair value.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Cumulative movements on derivative forward instruments have been dealt with as follows:

	31 December 2020	31 December 2019
	£'000s	£'000s
Charged to the hedging valuation reserve	2,051	2,276
Charged through the Income Statement	(520)	(1,364)
	1,531	912

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective income hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the income statement, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

6. Other gains/(losses) (continued)

Gains and losses transferred from the hedging reserve to the Income Statement during the year and other FX movements are included in the following line items in the income statement:

	Notes	31 December 2020 £'000s	31 December 2019 £'000s
Turnover:			
Recycled from the hedging valuation reserve		929	(1,967)
Other gains/(losses):			
Hedge ineffectiveness on the income hedging derivatives	6	(448)	(1,521)
Fair value movement of undesignated derivatives	6	1,293	1,037
		845	(484)
Administrative expenses:			
FX movements for statement of financial position items	7	212	(1,039)
Total profits/(losses)		1,986	(3,490)

7. Operating profit is stated after charging

	31 December 2020 £'000s	31 December 2019 £'000s
Operating profit is stated after charging		
Staff Costs (note 8)	69,254	59,770
Foreign exchange (gains)/losses	(212)	1,039
Loss on disposal of fixed assets	19	-
Depreciation of tangible assets (note 14)	1,497	1,583
Depreciation of right-of-use asset (IFRS 16) (note 15)	2,745	2,745
Amortisation of intangible assets (note 13) - included in administrative expenses	5,828	5,099
Impairment of right-of-use asset (IFRS 16) (note 15)	2,237	-
Auditor's remuneration:		
- Audit of the financial statements	292	285
- Non-audit services		
- Audit related assurance services	35	30
- Other assurance services	8	8

8. Employees

The average number, per month, of persons employed by the partnership during the year was:

	31 December 2020 No.	31 December 2019 No.
Insurance Broking	444	423
Administration	184	180
	628	603

Staff costs for the above persons:

	31 December 2020 £'000s	31 December 2019 £'000s
Salaries and incentives	58,802	50,256
Social security	5,533	5,005
Pension costs	4,919	4,509
	69,254	59,770

9. Interest receivable and similar income

	31 December 2020	31 December 2019
	£'000s	£'000s
Bank interest income	293	1,665
Interest income on amounts owed by group undertakings	304	80
Interest income on loans owed by group undertakings	91	239
Total interest income on financial assets not measured at fair value through profit or loss	688	1,984
Net income on post-employment benefits	170	427
	858	2,411

10. Interest payable and similar costs

	31 December 2020	31 December 2019
	£'000s	£'000s
Interest on lease liabilities (under IFRS 16)	1,219	1,329
Interest expense on loans owed to group undertakings	38	201
Interest expense on amounts owed to group undertakings	483	871
Total interest expense on financial liabilities not measured at fair value through profit or loss	1,740	2,401
	1,740	2,401

11. Tax credit/(expense)

As per note 2.21, the taxation payable on the partnership profits is the liability of the individual members. The tax credit/(expense) for 2020 and 2019 relates to the tax charge on profits of the LLP's Brussels branch.

12. Members' remuneration

	31 December 2020	31 December 2019
	No.	No.
The average number of members in the year was	20	37

	31 December 2020	31 December 2019
	£'000s	£'000s
Member's remuneration charged as an expense	5,317	8,051
Profit for the year available for discretionary division among members	91,694	59,382
	97,011	67,433

	31 December 2020	31 December 2019
	£'000s	£'000s
Profit attributable to the member with the highest entitlement	39,390	39,807

In the year to 31 December 2020 Miller 2015 Limited was the member with the largest profit allocation of £39.4m (31 December 2019: £39.8m). The profits of the LLP are divided amongst the members annually. There are no long term incentive plans and all individual members are responsible for their own post retirement arrangements.

13. Intangible assets

	Goodwill	Customer relationships	Computer software	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
At 1 January 2020	35,081	38,363	23,779	97,223
Additions	-	-	2,016	2,016
Disposals	(18,579)	(17,925)	(6)	(36,510)
At 31 December 2020	16,502	20,438	25,789	62,729
Accumulated amortisation				
At 1 January 2020	-	9,264	13,479	22,743
Charge for year	-	2,984	2,844	5,828
Disposals	-	(4,447)	(2)	(4,449)
At 31 December 2020	-	7,801	16,321	24,122
Net book value				
At 31 December 2019	35,081	29,099	10,300	74,480
At 31 December 2020	16,502	12,637	9,468	38,607

All the goodwill and customer relationships disposals in the year relate to the Special Contingency Risks book of business sold to Willis Towers Watson and the European book of business contributed to Miller Europe SRL (see note 26).

There were no intangible assets classified as Held for Sale in accordance with IFRS 5.

14. Tangible fixed assets

	Leasehold improvements	IT hardware	Fixtures, fittings & equipment	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
At 1 January 2020	12,540	5,049	3,243	20,832
Additions	-	270	41	311
Disposals	-	(42)	(39)	(81)
At 31 December 2020	12,540	5,277	3,245	21,062
Accumulated depreciation				
At 1 January 2020	3,518	4,099	1,913	9,530
Charge for the year	918	439	140	1,497
Disposals	-	(38)	(15)	(53)
At 31 December 2020	4,436	4,500	2,038	10,974
Net book value				
At 31 December 2019	9,022	950	1,330	11,302
At 31 December 2020	8,104	777	1,207	10,088

Notes to the financial statements for the year ended 31 December 2020 (continued)

15. Right-of-use asset

	Land and buildings
	£'000s
Cost	
At 1 January 2020	29,934
Additions	-
Disposals	-
At 31 December 2020	29,934
Accumulated depreciation and impairment	
At 1 January 2020	2,745
Charge for the year	2,745
Impairment	2,237
Disposals	-
At 31 December 2020	7,727
Net book value	
At 31 December 2019	27,189
At 31 December 2020	22,207

As a result of our plans to sub-let two floors of our Mark Lane office we have made an onerous lease provision of £2.2m, which represents the discounted cash flow shortfall of our best estimate of the likely sub-let receipts verses our committed lease payments for the two sub-let floors over the remainder of the lease.

16. Investments in group undertakings

	31 December 2020			31 December 2019		
	Shares in group undertakings	Artwork	Total	Shares in group undertakings	Artwork	Total
	£'000s	£'000s	£'000s			
Opening balance	39,522	100	39,622	34,506	100	34,606
Additions (a)	49,000	-	49,000	5,016	-	5,016
Disposals (b)	(26,800)	-	(26,800)	-	-	-
Closing balance	61,722	100	61,822	39,522	100	39,622

(a) On 31 December 2020 the LLP contributed its European book of business to Miller Europe SRL ("ME") in exchange for EUR 54.6m (£49m) of share capital in ME (see note 26)

(b) On 30 September 2020 Special Contingency Risks Limited was sold to Willis Towers Watson ("WTW") (see note 26)

On 18 March 2019 the LLP purchased 98 of the 99 shares in Miller Europe SPRL ("ME") held by Miller Insurance Holdings Limited ("MIHL") and the sole share held by Miller Marine Limited. Therefore the LLP acquired 99 shares in ME and MIHL retained 1 share. The consideration for the 99 €185.50 shares acquired by the LLP was £16k (€18k).

On 29 March 2019 the LLP contributed the EEA business of its branches in Paris, France and Brussels, Belgium to Miller Europe SPRL ("ME"), a company incorporated in Belgium in October 2018. In exchange for the EEA business contributed the LLP received £5m of share capital in ME, for 30,827 €185.50 shares.

16. Investments in group undertakings (continued)

The subsidiary undertakings as at 31 December 2020 are listed below:

Company	Nature of Business	Country of Incorporation	Notes
Miller Insurance Holdings Limited	Holding company	UK	a
Miller Insurance Services (Singapore) Pte Ltd	Insurance broking	Singapore	b
Six Clerks Insurance Services Limited	Managing general agent	UK	c
Miller Bermuda Limited	Insurance broking	Bermuda	d
International Tanker Indemnity Association Limited	Insurance services	Bermuda	e
MICAL Limited	Dormant	Guernsey	f
AG Broking Services Limited	Non-trading	UK	g
Nelson Holdings Limited	Holding company	UK	h
Miller Re Limited (formerly Alston Gayler & Co Limited)	Insurance broking	UK	i
AG Broking Limited	Dormant	UK	j
Miller Europe SRL	Insurance broking	Belgium	k

All companies incorporated in the United Kingdom are registered in England and Wales.

(Note a) Share capital 2,000,000 £1 ordinary shares owned by Miller Insurance Services LLP. Registered office: 70 Mark Lane, London, EC3R 7NQ, United Kingdom

(Note b) Share capital 4,547,801 SGD1 ordinary shares owned by Miller Insurance Holdings Limited. Registered office: 10 Collyer Quay, #07-04/05 Ocean Financial Centre, Singapore, 049315

(Note c) Share capital 63,328 £1 A ordinary shares and 3,333 £1 B ordinary shares both owned by Miller Insurance Holdings Limited. Registered office: 70 Mark Lane, London, EC3R 7NQ, United Kingdom

(Note d) Share capital 12,000 US$1 ordinary shares owned by Miller Insurance Holdings Limited. Registered office: Victoria Place, 31 Victoria Street, Hamilton HM 10 Bermuda

(Note e) Share capital 350,000 US$1 ordinary shares owned by Miller Insurance Holdings Limited. Registered office: Victoria Place, 31 Victoria Street, Hamilton HM 10 Bermuda

(Note f) Share capital 2 £1 ordinary shares and 1,500,000 redeemable preference shares of £1 each both owned by Miller Insurance Holdings Limited. Registered office: P.O Box 119 Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB, Channel Islands

(Note g) Share capital 10,000 £0.001 ordinary shares owned by Miller Insurance Services LLP. Registered office: 70 Mark Lane, London, EC3R 7NQ, United Kingdom

(Note h) Share capital 1,148,159 (235,505 class A ordinary shares with a nominal value of £1 each (fully paid), 572,429 class A participating shares with a nominal value of £1 each (fully paid), 120,469 class B ordinary shares with a nominal value of £1 each (fully paid), 219,756 class B participating shares with a nominal value of £1 each (fully paid)) owned by Miller Insurance Holdings Limited. Registered office: 70 Mark Lane, London, EC3R 7NQ, United Kingdom

(Note i) Share capital 1,300,001 £1 ordinary shares owned by Nelson Holdings Limited. Registered office: 70 Mark Lane, London, EC3R 7NQ, United Kingdom

(Note j) Share capital 10,000 £0.01 ordinary shares owned by Nelson Holdings Limited. Registered office: 70 Mark Lane, London, EC3R 7NQ, United Kingdom

(Note k) Shareholder contribution of 325,167 €185.50 shares of which 325,166 are owned by Miller Insurance Services LLP and 1 share by Miller Insurance Holdings Limited. Registered office: 1200 Woluwe-Saint-Lambert, Gulledelle 96, Brussels, Belgium.

On 30 September 2020 Special Contingency Risks Limited and Special Contingency Risks Inc were sold to Willis Towers Watson.

17. Debtors

	31 December 2020	31 December 2019
	£'000s	£'000s
Trade debtors	35,364	45,830
Amounts due from members	6	17
Amounts owed by group undertakings	42,496	9,773
Loan owed by group undertaking	16,634	14,299
Other debtors	5,311	1,921
Prepayments and accrued income	5,615	6,086
Derivative financial instruments	1,608	1,784
	107,034	79,710

Derivative financial instruments include amounts of £nil (31 December 2019: £778K) which fall due after more than one year. No other amounts included in debtors fall due after more than one year.

Amounts owed by members and group undertakings are unsecured and payable on demand. Interest is charged on non-trade amounts due from group undertakings at a rate of 1.60%.

18. Investments

	31 December 2020	31 December 2019
	£'000s	£'000s
Goldman Sachs fund	6,500	6,500

The money market fund held with Goldman Sachs Asset Management Global Services Limited, holds the LLP regulatory cash requirement. The funds are available on demand and return a variable rate of interest. The average interest rate was 0.69% per annum.

19. Cash at bank and in hand

	31 December 2020	31 December 2019
	£'000s	£'000s
Restricted cash – fiduciary funds	155,354	158,416
Cash at bank	13,873	17,165
	169,227	175,581

20. Creditors

	31 December 2020	31 December 2019
	£'000s	£'000s
Trade creditors- fiduciary funds	155,339	158,429
Other trade creditors	347	481
Taxation and social security	1,742	1,729
Amounts owed to group undertakings	22,695	48,236
Other creditors	15,938	12,730
Accruals and deferred income	6,195	6,762
Derivative financial instruments	77	872
	202,333	229,239

Derivative financial instruments include amounts of £nil (31 December 2019: £nil) which fall due after more than one year. No other amounts included in creditors fall due after more than one year.

Amounts owed to group undertakings are unsecured and payable on demand. Interest on non-trade amounts owed to group undertakings is charged at a rate of 1.60%.

21. Lease liabilities

	31 December 2020	31 December 2019
	£'000s	£'000s
Current	3,520	3,406
Non-current	31,190	34,710
	34,710	38,116

The undiscounted maturity analysis of lease liabilities at 31 December 2020 is as follows:

	31 December 2020	31 December 2019
	£'000s	£'000s
No later than one year	4,624	4,624
Later than one year and not later than five years	18,497	18,497
Later than five years	16,935	21,559
	40,056	44,680

The maturity analysis of lease liabilities represents rentals payable by the LLP for its London office. Leases are negotiated for an average term of 12 years and rentals are fixed for an average of 5 years. Lease cash outflow by the LLP during the year to 31 December 2020 for its London office was £4.6m.

22. Provisions

The LLP had the following provisions in the year

	E&O provision	Legal disputes
	£'000s	£'000s
At 1 January 2020	161	106
Additional/(reversed) provision in the year	30	(96)
Utilisation of provision	(69)	(10)
At 31 December 2020	122	-

The provision comprises estimates for liabilities that may arise from actual and potential claims and lawsuits for errors and omissions and legal disputes. Due to the nature of these claims, the estimate timing and amount of payments is subject to significant uncertainty.

23. Pensions and similar obligations

Defined benefit scheme

FRS 101 disclosures for the period to 31 December 2020

Miller Insurance Services LLP is the sponsoring employer of a funded defined benefit scheme in the UK, which provides retirement benefits based on members' salaries at the point at which they ceased to accrue benefits under the scheme. The assets of the scheme are held in a separately administered fund and the scheme is administered by an independent Trustee which is responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations.

Under current legislation, the obligation of the LLP to fund the scheme is defined by the Occupational Pensions Schemes (Scheme Funding) Regulations 2005. The funding position is formally reviewed on a triennial basis, with interim reviews carried out in each year between triennial valuations.

In recognition of the funding position of the scheme, the LLP has entered into a funding agreement with the scheme's Trustee. Under the current agreement, the LLP is due to make contributions of £500,000 per month until 30 April 2021 and £518,000 per month between 1 May 2021 and 28 February 2022. Additional contributions are agreed with the Trustee to reduce the funding deficit where necessary, and the next funding valuation is expected to be carried out as at 1 May 2022.

The scheme's liabilities as at 31 December 2020 set out in this note have been assessed based on the calculations carried out for the triennial scheme funding assessment as at 1 May 2019. This liability calculation has been updated to 31 December 2020, allowing for benefits paid during the period. The scheme's liabilities at the previous accounting date, 31 December 2019, were calculated in a similar manner. The present value of the defined benefit obligation is measured using the projected unit credit method.

The valuation as at 31 December 2020 has resulted in a net defined benefit asset of £5.8m which has been recognised in the financial statements as the partnership has an unconditional right to a refund of any ultimate scheme surplus. In addition, no deferred tax liability for this asset has been recognised as the partnership is transparent for tax purposes and thus it is the members who are liable for tax on partnership profits.

The disclosures set out below are based on calculations carried out as at 31 December 2020 by an independent qualified actuary.

Membership data

The membership data underlying the triennial scheme Funding assessment as at 1 May 2019, on which the calculation of the scheme's liabilities as at 31 December 2020 is based, is summarised below.

Deferred members as at 1 May 2019	Number	Average age (weighted by liability)	Total annual pension at valuation date
Males	232	52	£1,967,000
Females	202	51	£1,151,000
	434	**52**	**£3,118,000**

Pensioner members as at 1 May 2019	Number	Average age (weighted by liability)	Total annual pension at valuation date
Males	88	70	£1,779,000
Females	84	69	£883,000
	172	**70**	**£2,662,000**

23. Pensions and similar obligations (continued)

Actuarial assumptions

The principal actuarial assumptions adopted in the calculation of the scheme's liabilities are set out below:

	31 December 2020	31 December 2019
Discount rate	1.55% pa	2.05% pa
Retail Prices Index (RPI) inflation	2.90% pa	2.95% pa
Consumer Prices Index (CPI) inflation	2.50% pa	2.15% pa
Inflationary pension increases:		
RPI capped at 5% pa	2.75% pa	2.80% pa
CPI capped at 5% pa	2.50% pa	2.20% pa
CPI capped at 2.5% pa	1.80% pa	1.65% pa
Mortality (pre- and post-retirement)	90% of S3PA tables, CMI_2019 projections with an initial addition parameter of 0% pa, a period smoothing parameter of 7.0 and a long-term rate of improvement of 1.25% pa	90% of S3PA table, CMI_2018 projections with an initial addition parameter of 0% pa, a period smoothing parameter of 7.0 and a long-term rate of improvement of 1.25% pa
Allowance for cash commutation	Members assumed to exchange 20% of pension at retirement (based on factors in force at 31 December 2020)	Members assumed to exchange 20% of pension at retirement (based on factors in force at 31 December 2019)
Proportion married at retirement (or earlier death)	80% of males and 70% of females	80% of males and 70% of females

The mortality assumptions adopted give the following life expectancies at the respective review dates.

Future life expectancies from age 60 (years)	31 December 2020	31 December 2019
Male aged 60 at the review date	27.4	27.3
Female aged 60 at the review date	29.9	29.7
Male aged 40 at the review date	28.9	28.8
Female aged 40 at the review date	31.4	31.2

Scheme maturity

Using the assumptions described above, the weighted average term to payment (or "duration") of the scheme's liabilities was as follows:

	31 December 2020	31 December 2019
Duration of liabilities	22 years	21 years

23. Pensions and similar obligations (continued)

Assets

The major categories of scheme assets at the review date are as follows:

	31 December 2020	31 December 2019
UK equities	6.4%	6.1%
Overseas equities	14.8%	14.1%
Corporate bonds	9.9%	10.1%
Liability Driven Investment (LDI) strategy	33.8%	26.9%
Absolute return bonds	9.3%	10.0%
Infrastructure investments	5.6%	6.1%
Cash	20.2%	26.7%
Total	**100%**	**100%**

The scheme has not invested in any of the LLP's own financial instruments, nor in properties or other assets used by the LLP.

All of the investments are in unquoted pooled funds.

Explanation of amounts in the financial statements

	31 December 2020	31 December 2019
Amounts recognised in the statement of financial position	£'000s	£'000s
Fair value of scheme assets	(197,815)	(175,967)
Present value of defined benefit obligation	191,975	168,801
Net defined benefit (asset)	**(5,840)**	**(7,166)**

	31 December 2020	31 December 2019
Expense recognised in the income statement	£'000s	£'000s
Current service cost	-	-
Administration expenses	-	-
Past service costs including curtailments	34	-
Settlements	-	-
Recognised in arriving at operating profit	**34**	-
Interest on the net defined benefit liability	(204)	(427)
Total recognised in the income statement	**(170)**	**(427)**

	31 December 2020	31 December 2019
Amounts taken to other comprehensive income	£'000s	£'000s
Actual return on scheme assets	23,417	18,644
Less: amounts included in interest on the net defined benefit liability	(3,591)	(4,462)
Return on scheme assets excluding interest income	**19,826**	**14,182**
Actuarial losses on scheme liabilities	(26,970)	(24,891)
Remeasurement loss recognised in other comprehensive income	**(7,144)**	**(10,709)**

23. Pensions and similar obligations (continued)

	31 December 2020	31 December 2019
Reconciliation of defined benefit obligation	£'000s	£'000s
Present value of defined benefit obligation at beginning of period	168,801	143,235
Benefits paid	(7,217)	(3,360)
Current service cost	-	-
Administration costs	-	-
Interest cost	3,387	4,035
Actuarial losses on scheme liabilities	26,970	24,891
Employee contributions	-	-
Past service costs	34	-
Curtailments	-	-
Settlements	-	-
Present value of defined benefit obligation at end of period	**191,975**	**168,801**

	31 December 2020	31 December 2019
Actuarial losses on scheme liabilities	£'000s	£'000s
Changes to discount rate	17,825	24,995
Changes to inflation assumptions	4,989	(2,899)
Actuarial losses arising from changes to the financial assumptions	**22,814**	**22,096**
Changes to mortality assumptions	565	966
Other changes to demographic assumptions	3,591	-
Actuarial losses arising from changes to the demographic assumptions	**4,156**	**966**
Actuarial losses arising from membership experience	-	1,829
Total	**26,970**	**24,891**

	31 December 2020	31 December 2019
Reconciliation of scheme assets	£'000s	£'000s
Fair value of scheme assets at beginning of period	**175,967**	**155,795**
Interest income	3,591	4,462
Return on scheme assets excluding interest income	19,826	14,182
Contributions by employer	5,648	4,888
Employee contributions	-	-
Benefits paid	(7,217)	(3,360)
Fair value of scheme assets at end of period	**197,815**	**175,967**

23. Pensions and similar obligations (continued)

Sensitivity and risk

The results of the calculations are sensitive to the assumptions used. An illustration of the sensitivity of the liability values to changes in some of the key assumptions is set out in the table below:

	Change in liability value
	£'000s
Discount rate:	
increase by 0.1% pa	(4,013)
reduce by 0.1% pa	4,135
Inflation assumptions:	
increase by 0.1% pa	3,014
reduce by 0.1% pa	(2,937)
Life expectancy:	
allow for life expectancy of a member one year younger	8,298
allow for life expectancy of a member one year older	(8,079)

The future statement of financial position may be volatile, principally because the market value of assets (with significant exposure to equities) is being compared with a liability assessment derived from corporate bond yields.

The risks inherent within a defined benefit pension scheme can have a significant impact on the employer sponsoring the scheme. For example, poor investment performance could lead to reductions in funding levels and could generate unforeseen contribution requirements. Amongst these risks are:

Longevity risk

The liabilities are sensitive to unexpected changes in future mortality. If longevity increases at a faster pace than assumed, then the liabilities will increase at future valuations. For example, if all current members and future dependant beneficiaries were assumed to experience the future annual mortality rates of individuals one year younger than their actual ages, this would increase life expectancies and add approximately £8.3m to the liabilities with a corresponding reduction in the surplus.

Investment risk

The scheme's invested assets are partially invested in equities, while the scheme's liabilities for accounting purposes are measured using a discount rate related to corporate bond yields. Therefore, the liabilities and assets may react differently to changes in market conditions. For example, a fall in equity values of 20% immediately prior to the review date would have meant that assets would have been valued at approximately £8.4m less as at the review date, with a corresponding reduction in the surplus (assuming that all other actuarial assumptions remain unchanged and assuming that the values of other asset classes are unaffected).

Interest rate risk
The scheme's liabilities have been measured using a discount rate of 1.55% pa. If a lower discount rate had been used, a higher value would have been placed on the liabilities. For example, if the discount rate were reduced by 0.10% pa to 1.45% pa, the scheme's liabilities would have increased by approximately £4.1m, with a corresponding reduction in the surplus (assuming that all other actuarial assumptions remain unchanged and there is no impact on the asset values).

Inflation risk

Elements of the pensions in payment under the scheme increase at rates linked to inflation, albeit with caps applying to the indexation. In addition, the rules of the scheme require that some pensions are increased in the period between members' dates of leaving pensionable service and dates of retirement, in line with inflation (again up to a cap). Given that not all of the scheme's investments are held in asset classes with returns directly linked to inflation, there will not necessarily be a corresponding increase in asset values to match liability increases if future inflation is at a higher rate than is assumed for the purpose of these calculations.

The scheme's liabilities have been measured using an RPI inflation assumption of 2.90% pa and a CPI inflation assumption of 2.50% pa. If higher future rates of inflation had been assumed, a higher value would have been placed on the liabilities. For example, if the RPI and CPI inflation assumptions were increased by 0.10% pa to 3.00% pa and 2.60% pa respectively, with corresponding increases to the assumed rates of pension increase and statutory revaluation, the scheme's liabilities would have increased by approximately £3.0m, with a corresponding reduction in the surplus (assuming that all other actuarial assumptions remain unchanged and there is no impact on the asset values).

23. Pensions and similar obligations (continued)

Defined contribution scheme

Following the closure of the defined benefit scheme to new entrants, the partnership provides a defined contribution scheme for its employees.

The amount recognised as an expense for the defined contribution scheme was:

	31 December 2020	31 December 2019
	£'000s	£'000s
Current year contributions	4,919	4,509

Expected contributions to post employment benefit plans for the year ended 31 December 2021 are £6.4m.

24. Capital commitments

At 31 December, the LLP had the following capital commitments:

	31 December 2020	31 December 2019
	£'000s	£'000s
Authorised but not contracted	1,237	242

25. Acquisitions of subsidiary and business combinations

There were no acquisitions or business combinations during the year to 31 December 2020.

During the year to 31 December 2019 the LLP completed 1 non-equity business acquisition; in March 2019 the LLP acquired the Alston Gayler Insurance book of business from AG Broking Services Limited(AGBS) for a total consideration of £12.4m; this acquisition was settled via an intercompany balance between the LLP and AGBS.

The following table summarises the consideration paid for the trade and assets acquired from AGBS. The fair value of the identifiable assets acquired and liabilities of the business as at the date of acquisition were:

	Fair value
	£'000s
Acquired intangible assets	7,117
Net assets	**7,117**
Goodwill arising on acquisition	5,320
Consideration recognised in creditors owed to group undertakings	**12,432**

26. Disposals of subsidiary and business assets

During the year to 31 December 2020, the following disposals of subsidiary and business assets occurred:

- On 30 September 2020 Special Contingency Risks Limited ("SCR") and part of the SCR book of business, within the LLP, was sold to Willis Towers Watson ("WTW"). The sale resulted in a profit for the LLP of £10.3m that is part of other gains in the income statement.

- On 31 December 2020 the LLP contributed its European book of business to Miller Europe SRL ("ME") in exchange for EUR 54.6m (£49m) of share capital in ME. The contribution of the business to ME resulted in a net profit for the LLP of £35.0m that is part of other gains in the income statement.

26. Disposals of subsidiary and business assets (continued)

The following table summarises the disposals:

		SCR Limited	SCR book of business	European book of business	Total
	Note	£'000s	£'000s	£'000s	£'000s
Disposal of investment	16	(26,800)	-	-	(26,800)
Disposal of goodwill & intangibles	13	-	(18,064)	(13,993)	(32,057)
Disposal of net current assets		-	(2,783)	-	(2,783)
Other costs		-	(394)	-	(394)
Sales proceeds		29,887	28,500	49,000	107,387
Net gain	6	3,087	7,259	35,007	45,353

27. Discontinued operations

The following table summaries the discontinued operations between the sale of part of the Special Contingency Risks ("SCR") book of business within LLP sold to Willis Towers Watson, and the contribution of the European book of business to Miller Europe SRL ("MEUR"):

	31 December 2020			31 December 2019		
	SCR	MEUR	Total	SCR	MEUR	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Turnover	7,471	28,643	36,114	11,193	20,604	31,797
Administrative expenses	(4,665)	(20,894)	(25,559)	(6,856)	(15,250)	(22,106)
	2,806	7,749	10,555	4,337	5,354	9,691

28. Related party transactions

FRS 101 exempts the reporting of transactions between Group companies in the financial statements of companies that are wholly within the Group. The LLP has taken advantage of this exemption.

Loans to/from related parties

	31 December 2020	31 December 2019
	£'000s	£'000s
Loans to/(from) subsidiaries of WTW		
At 1 January	14,299	362
Loans advanced during the year	(321,736)	(259,935)
Loans repaid/made during the year	324,018	273,834
Interest charged	(38)	(201)
Interest received	91	239
At 31 December	16,634	14,299
Included in debtors	16,634	14,299
Total as at 31 December	16,634	14,299

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current year or prior year for impairments in respect of amounts owed by related parties. The loans to/from WTW earn/charge interest on an arms-length basis, are available for drawing until the repayment date and are repayable between July 2020 and July 2023. These loans may be used by the respective borrower for their general corporate purposes.

There are no other transactions requiring disclosure.

29. Controlling parties

For day to day operations, the LLP is run by the Partnership Board. During the financial reporting period and up to 1 March 2021 the terms of the partnership agreement in force were such that Willis Towers Watson PLC had certain step in rights in certain circumstances and for this reason the controlling parties were deemed to include the LLP's immediate parent undertaking Miller 2015 Limited. The ultimate parent undertaking and controlling party and the smallest and largest group to consolidate these financial statements was Willis Towers Watson PLC incorporated in Ireland and these group accounts are available from the Group's website www.willistowerswatson.com, in the Investor Relations section.

On 1 March 2021, Cinven, the international private equity firm, and GIC, Singapore's sovereign wealth fund, completed the acquisition of a controlling interest in the Miller group. In the opinion of the members, the LLP's ultimate parent company and ultimate controlling party is Ben Nevis Feederco Limited, a company incorporated in Jersey and owned jointly by: Cinven Strategic Financials Fund Limited Partnership, incorporated in Guernsey; SFF Cinven Co-investment SCSp, incorporated in Luxembourg; Raffles Private Holdings Limited, incorporated in England and Wales, which is owned by GIC, together with employees of the Miller group. The parent undertaking of the largest group, which includes the LLP and for which group accounts are prepared, is Ben Nevis Cleanco Limited, a company incorporated in England and Wales. Copies of the group financial statements of Ben Nevis Cleanco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The LLP's immediate controlling parties are Miller 2015 Limited and Ben Nevis Bidco Limited.

30. Post balance sheet events

On 1 March 2021, GIC Private Limited, a sovereign wealth fund established by the Government of Singapore, and Cinven Partners LLP, the international private equity firm, completed the acquisition of the LLP.

Ben Nevis Midco Ltd has arranged a revolving credit facility of USD32.5m that the LLP can draw down on, but has not done so to date.

Other than the events above and the corporate developments included in the strategic reports, the members are not aware of any post balance sheet events prior to the financial statements being signed that need to be disclosed or adjusted.