Registered number: 01507274

MARSH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

MARSH LIMITED

COMPANY INFORMATION

DIRECTORS	J V Barker (resigned 31 October 2020) J Boyce M D Campbell (appointed 1 December 2020) M C Chessher A J Coates (appointed 1 December 2020) T Colraine J Flahive A S Fraser-Hawkins A B Girling A Gruppo J R Hirst (resigned 28 February 2021) A J King C J Lay P E Moody J H Nash (resigned 31 December 2020) B S N Sinniah (appointed 21 May 2021) R I White
COMPANY SECRETARY	C M Valentine
REGISTERED NUMBER	01507274
REGISTERED OFFICE	1 Tower Place West, Tower Place, London, EC3R 5BU

MARSH LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The directors present their Strategic Report for Marsh Limited ("the Company") for the year ended 31 December 2020. The Company's registration number is 01507274.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company provides risk management, insurance and reinsurance broking services to clients through its two principal businesses, Marsh and Guy Carpenter, and receives revenue for services to insurance companies.

The Company continued to operate effectively in 2020 adapting to the unprecedented Covid 19 crisis. This brought significant challenges to the Company's working environment, with the majority of colleagues working remotely for most of the year. As at the date of these financial statements, the crisis continues to evolve and present challenges to the Company's working environment and the global economy, however with significant vaccination progress in some countries there are positive indicators starting to emerge.

During the year the Company continued to reorganise its operating businesses following the acquisition of subsidiaries of JLT Insurance Group Holdings Limited in 2019. The Company purchased the trade and assets of its subsidiary undertakings, JLT Reinsurance Brokers Limited and JLT Specialty Limited during 2020. The Company did not take on the employees of those companies; they transferred employment contracts under a TUPE arrangement process into Marsh Services Limited which is also owned by Marsh & McLennan Companies, Inc. ("Marsh McLennan").

The Company also reorganised its business to enable opportunities and comply with the regulatory changes that would arise from the United Kingdom leaving the EU. The Company transferred the business of European Economic Area (EEA) clients from the Company to the UK branches of other subsidiary companies registered in the Republic of Ireland, Germany and Belgium and have been disclosed as discontinued operations in the year.

The Company also cancelled some of its ordinary share capital in the year and significantly reduced its share premium account, which in turn increased its distributable reserves.

The Company is regulated by the Financial Conduct Authority.

KEY PERFORMANCE INDICATORS

	2020 £M	*2019 £M*	Movement £M	Movement %
Turnover	1,205	*951*	254	27
Investment income	13	*28*	(15)	(54)
Administration expenses	(963)	*(700)*	(263)	(38)
Income from other participating interests	142	*19*	123	647
Income from fixed asset investments	1,361	*9*	1,352	15,022
Amounts written off investments	(1,621)	*(40)*	(1,581)	(3,953)
Profit before tax	120	*241*	(121)	(50)
Shareholders' funds	2,844	*3,070*	(226)	(7)

The Company's profit before tax for the year of £120 million was a reduction of £121 million compared to 2019. As noted above, the Company undertook some significant transactions during 2020 which have impacted on its results for the year in relation to dividends received and amounts written off investments. Further details of these transactions can be found below. Excluding these transactions the Company reported a profit before tax of £380 million which was £139 million higher than the comparable figure for the prior year.

KEY PERFORMANCE INDICATORS (CONTINUED)

Turnover increased by £254 million (27%) to £1,205 million in 2020 due to the transfer of trade in the year from JLT Reinsurance Brokers Limited and JLT Speciality Limited. Most of the Company's revenue is generated in currencies other than Sterling. The majority is earned in US dollars.

Investment income decreased by £15 million in 2020 due to a reduction in interest rates in the year.

Administrative expenses increased by £263 million on the prior year (38%) to £963 million mainly due to an increase in intangible amortisation and staff costs in relation to the transfer of business in the year from JLT Reinsurance Brokers Limited and JLT Speciality Limited.

Income from other participating interests increased by £123 million due to the transfer of business for clients in the European Economic Area (EEA) from the Company to the UK branches of other subsidiary companies registered in the Republic of Ireland, Germany and Belgium.

Income from fixed asset investments increased by £1,352 million as a result of dividends received from JLT Insurance Group Holdings Limited which arose as a consequence of the sale of businesses to the Company at fair value.

Following the annual impairment review of investments a £1,621 million impairment has been provided against the carrying value of the investments, largely as a result of the trade and assets transferring to Marsh Limited.

Shareholders' funds decreased by £226 million on the prior year to £2,844 million. The Company made a profit after tax of £57 million and paid dividends of £283 million to its shareholder MMC UK Group Limited during the year.

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE "ACT") STATEMENT

The Wates Corporate Governance Principles for Large Private Companies serves as the framework to demonstrate how Directors have had regard for the matters set out in section 172(1) (a) to (f) of the Act when performing their duties, including how Directors have engaged with and considered the interests of stakeholders including UK employees, suppliers, customers and those in a principal business relationship with the Company. Reporting against the Wates Principles is included in the Corporate Governance Statement below.

Corporate Governance Statement

For the year ended 31 December 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies, which can be found at www.wates.co.uk/who-we-are/corporate-governance. The Directors have set out below an explanation of how the Wates Principles have been applied during the 2020 year.

Principle 1 - Purpose and Leadership

"An effective board develops and promotes the purpose of the Company, and ensures that its values, strategy and culture align with that purpose."

Purpose

The purpose of the Company is to protect and promote possibility for the benefit of colleagues, clients and the community.

The Company forms part of the Marsh & McLennan Inc. Group of Companies (the "Group"), a global professional services provider specialising in the areas of risk, strategy and people. These services are delivered through four businesses, namely Marsh, Mercer, Guy Carpenter and Oliver Wyman.

Marsh Limited is part of the Marsh & Guy Carpenter businesses which provides risk management, insurance broking services and reinsurance broking services to clients. It is a global leader in insurance broking and risk management. The business aims to help clients understand and manage risks, provides advice on emerging risks and helps ensure clients have the resilience to withstand the unexpected. Work includes interaction with clients of all sizes and in all industries and services provided include risk management, risk consulting, insurance broking, alternative risk financing and insurance programme management services.

Whilst pursuing its principal activities the Company also generates value for its shareholders and ensures the sound and prudent management of the firm, with due regard for the interests of the Company's other stakeholders, including clients, employees, suppliers and the wider community.

Values and Culture

The Greater Good, which is the Group's Code of Conduct, applies to all Directors and employees of the Company and it embodies the Group's commitment to maintaining the highest level of ethical conduct and professional standards. These non-negotiable standards are outlined in the Greater Good, which emphasises the importance of building trust with colleagues, clients and the wider community.

The Board and the Executive team are committed to ensuring that the Company makes a positive difference for its clients, its employees, its communities and society at large.

During the year the Company worked with an external provider to deliver a programme designed to deliver an inclusive culture across a diverse workforce. This included an all employee survey on culture, training on diversity and inclusion delivered to over one thousand managers and the setting of diversity and inclusion goals.

Strategy

The 2020 financial year presented unprecedented challenges with the global COVID-19 pandemic and stay-at-home orders following the announcement of national lockdowns. The Board focussed its attention on ensuring the safety and wellbeing of colleagues, the operational stability of the business and on the delivery of support and services to its clients. The Board provided oversight and counsel to the Chief Executive Officer as they led the Marsh Executive team in managing and mobilising Company-wide remote working, as well as working to reshape the business strategy to align with evolving demand and identify growth pathways. In navigating the challenging environment, the Board has considered and reviewed the Company's responsive measures to ensure that they are in line with its purpose and promote the Company's success in the long term. In addition, the Board continued to oversee and challenge progress made in the integration of the JLT business and the evolution of the Organisation's culture, as well as preparations made by the Company to ensure the continuity of service to clients following the United Kingdom's exit from the European Union.

Principle 2 - Composition

"Effective board composition requires an effective Chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Company."

Chair

The roles and responsibilities of Chair and Chief Executive Officer of the Company are separate and documented in role profiles and Statements of Responsibility, which, as the Company is regulated by the Financial Conduct Authority, comply with the requirements of the Senior Managers & Certification Regime. These ensure that there is a balance of responsibilities, accountabilities and decision-making across the Company. The Chair is responsible for the ethical leadership and effective operation of the Board, including establishing the framework and procedures to govern the work of the Board and to support Directors in the discharge of their legal and regulatory obligations. The terms of reference for the Board set out the matters reserved for the decision of the Board and the authorities delegated to the Chief Executive Officer for the management of the day to day business of the Company. The Board operates in line with the principles of good conduct set out in MMC Group's ethical policy, "The Greater Good".

The Board appointed a new independent Non-Executive Chair to replace the retiring Chair, who had served as a Director for over 9 years. The retiring Chair's contract had been extended to end on 31 October 2020 to enable the business to benefit from having an experienced Chair to lead it through the acquisition and subsequent integration period of the JLT business. Regulatory approval for the appointment of the new Chair was received on 5 January 2021 and they were also appointed as Chair of the Risk, Nominations and Remuneration Committees of the Board until such time as replacements are appointed.

Non-Executive Directors

The Non-Executive Directors are responsible for bringing independent and objective judgement to deliberations and the formulation of strategy and for providing constructive challenge of executive management in the areas of remuneration, risk, audit and internal controls.

In addition to the appointment of a new Chair, the Board also appointed two new independent Non-Executive Directors on 1 December 2020 to strengthen the independent non-executive representation and diversity of the Board. The two new independent Non-Executive Directors have also been appointed as Members of the Board's Risk, Audit, Nominations and Remuneration Committees and it is proposed that, subject to regulatory approval, they will become the new Chairs of the Audit and Risk Committees, respectively.

The new appointments to the Company's Board follow a review of the Board's composition undertaken in 2019/2020 aimed at assessing the Directors' mix of skills, background, diversity and independence in order to identify actions or changes required to ensure that Board composition was suitable to meet the requirements of the Company in the future.

The Board followed a formal, rigorous and transparent process for the appointment of the Company's new Chair and Non-Executive Directors. The Board's Nominations Committee, which was responsible for overseeing the recruitment process for the new Directors, engaged an external agency to assist in sourcing a diverse selection of candidates, with a range of different backgrounds, skills and experience relevant to the needs of the Company, for consideration. Representatives from the Company's ultimate shareholder also met with potential candidates and provided feedback to the Nominations Committee on each, prior to recommendations for appointments being made to the Board. A further search is underway for an additional independent Non-Executive Director.

Principle 2 - Composition (continued)

Balance and Diversity & Size and Structure

The Board comprises 13 directors which includes an independent Non-Executive Chair, two other independent Non-executive directors, the Chief Executive Officer, the Chief Financial Officer and Executives representing key areas of the business. Two of the directors were appointed during the year.

Board members have a range of skills, expertise and experience in, amongst other things, the fields of insurance and reinsurance broking, accountancy, operations and commercial management.

Of the Board of 13, three directors are female. We acknowledge that currently there is a lack of gender diversity on the Board.

The Directors have equal voting rights when making decisions, except the Chair, who has a casting vote. All Directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Company's expense.

The duties of the Board are executed partially through its Committees. The Non-Executive Directors and Chair are members of the relevant committees so that they are able to challenge and influence a range of areas across the Company, including Remuneration, Audit, Compliance, Risk and Board and Executive appointments.

Effectiveness

The new independent Non-executive Directors were provided with an induction programme designed to facilitate a holistic understanding of the Company's business and functions, governance framework and Group environment.

During 2020 Directors met with senior management and attended a training programme agreed by the Chair and facilitated by the Company Secretarial function.

The Board and its committees undertook an effectiveness review at the beginning of 2021, which was conducted by way of questionnaires. Feedback from the effectiveness reviews has been shared with the Board/Committee members respectively and action plans agreed to deal with any matters.

Principle 3 - Director Responsibilities

"The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge."

Accountability

The Board has an established governance framework, including clearly documented terms of reference for the Board and Board Committees. The terms of reference set out the Board's responsibility for leading and directing the affairs of the Company, with consideration for the interests of other stakeholders and there are clear delegations of authority in place between the Board, its Committees and the Chief Executive Officer of Marsh Limited. The Board operates a programme of five scheduled meetings a year, with ad hoc meetings held as and when required. In 2020, the Board met a total of 13 times and, in addition to its usual areas of focus, key discussion areas concerned transactions relating to the integration of the JLT business, the impact of the Covid-19 pandemic, Brexit and the culture of the Organisation.

The Board has reserved certain principal matters for its own approval, and has delegated the day to day management of the Company to the Chief Executive Officer.

The Chief Executive Officer is supported by the Marsh Executive team, which is comprised of the leaders of the main business areas and the Chief Financial Officer, the Chief Client Officer, the Chief Operating Officer, the Director of Risk and Governance and the Head of Human Resources. The Chief Executive Officer and Executive team members' roles and responsibilities are clearly documented. The team meets generally on a weekly basis, with longer sessions on a monthly basis. There is also at least one all day session held once a year.

In accordance with regulatory requirements applicable to the Company, all Directors, members of the Marsh Executive Team and the most senior managers within the Company's business and functional support departments have clearly documented statements of responsibility for the matters under their remit. These statements of responsibility are collated into a "responsibility map" which is reviewed by the Board on at least an annual basis, and which provides the Board with a clear view of individual responsibilities and accountabilities across the firm.

Committees

In addition, the Board has delegated certain governance responsibilities to its Audit, Risk, Remuneration and Nominations Committees, each of which have clearly documented terms of reference. The membership of these Committees include Non-Executive Directors who provide independent challenge and support effective decision making.

The Board and its Committees regularly review the terms of reference to ensure that they remain fit for purpose, are adapted to promote good governance and meet the requirements of the Company as they evolve.

Integrity of Information

The Board receives regular reports on business and financial performance, key risks and opportunities, strategy, operational matters, market conditions, human resources, legal, compliance, and regulatory matters.

Key financial information is collated by the Group's centralised finance function from its various accounting systems. The Group's finance function has the appropriate independence, expertise and qualifications to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Financial information is externally audited by Deloitte LLP, the Company's External Auditor, on an annual basis, and financial controls are routinely reviewed by the Group's centralised internal audit function.

Principle 3 –Director Responsibilities (continued)

Integrity of Information (continued)

Other key information is prepared by the relevant business and internal functions, which are also subject to periodic reviews by the internal audit function and the Group's 'process and controls Team' who test controls regularly.

The Audit Committee is responsible for monitoring the effectiveness of Group's internal financial control systems that identify, assess, manage and monitor financial risks, and the effectiveness of other operational and regulatory controls within the business. The Audit Committee membership includes two Non-Executive Directors.

The Audit Committee receives quarterly reports from the Finance Function, Compliance Function and MMC Internal Audit on control related findings and it monitors Executive Management's responses to these to ensure recommendations for remediation are implemented. The Committee is also responsible for overseeing the effectiveness and independence of the Internal Audit and Compliance functions.

The External Auditor, the Regional Controller, the Director of Risk and Governance, the Head of Compliance Monitoring and members of the Internal Audit Team are attendees at Audit Committee meetings, and have unfettered access to meet with the Audit Committee Chair outside of the formal meeting programme throughout the year.

Principle 4 - Opportunity and Risk

"A Board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value, and establish oversight for identification and mitigation of risks."

Opportunity

The Board considers the Company's annual strategic plan, which includes consideration of long term strategic opportunities. Other, shorter term opportunities to improve business performance and achieve operational efficiencies are considered by the Board on an ad hoc basis.

Risk

The Risk Committee assists the Board in fulfilling its responsibility for determining the Company's risk appetite and for ensuring that sound risk management and internal control systems are maintained.

The Risk Committee met six times in 2020 and its membership in 2020 included two Non-Executive Directors. Each meeting is attended by the Director of Risk and Governance and the Chief Executive Officer, who report to the Committee on the material risks facing the Group which include operational, financial, regulatory and strategic risks. Executives and other Senior Managers attend the Risk Committee meetings during the year to report on significant risk issues and actions being taken to mitigate them, as required.

The Risk Committee keeps under review, amongst other things, the Company's top risks including its strategic risks, the risk management performance of key business areas and conduct risks, as well as an oversight of the effectiveness of the Company's risk management framework and operational controls. It reports upon these to the Board regularly, or escalates significant risks to the Board on an ad hoc basis.

On an annual basis (or more frequently if required), following review by, and upon the recommendation of the Risk Committee, the Board approves the Company's Threshold Condition 2.4 regulatory requirement, Risk Management Policy and risk appetite statement.

Principle 5 - Remuneration

"A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the Company."

Policies

In accordance with regulatory requirements, the Company has in place a formal documented Remuneration Policy, which is reviewed by the Remuneration Committee periodically.

The Remuneration Committee is not a formal Committee of the Marsh Limited Board but a mechanism to provide regional governance and oversight of remuneration matters within the businesses. The Remuneration Committee is chaired by the Chair of the Board, and is responsible for ensuring that the Remuneration Policy and compensation practices of the Company are consistent with, and promote, sound and effective risk management, encourage fair treatment of clients, include measures to avoid conflicts of interest, are in line with business strategy, objectives, values, culture, and the long term interests of the Company. In carrying out its responsibilities, the Committee considers:

(a) the success and appropriateness of the risk and reward mechanisms available to the business to align the success of individual colleagues with the success of the business in a risk adjusted context;

(b) benchmarks, at a market level, against the stated employee value propositions referencing both remuneration and benefits strategies; and

(c) the extent to which remuneration structures support the business and development plans and succession planning needs.

The remuneration packages of all executive directors, members of the Executive team, and all other colleagues falling within the top 50 based upon remuneration, (including base salary, bonuses, performance-related payments, discretionary payments, long-term incentive awards, share options and pension contributions) are reviewed and approved by the Remuneration Committee in order to ensure that executive performance is remunerated based on a balanced set of measures including financial performance as well as customer and conduct measures.

As part of the Company's annual compensation process, the Committee reviews and challenges management on total remuneration and performance data for all colleagues with a view to ensuring that remuneration proposals for the workforce as a whole are balanced, proportionate and aligned with the Company's commitment to building a diverse and inclusive workforce.

The Company produces a Gender Pay Gap Report on an annual basis, which is carefully scrutinised and discussed by the Board. The Company is committed to continue improving the Company's Gender Pay Gap. For further details in this regard, please refer to the Company's latest Gender Pay Gap Report which can be found at https://www.marsh.com/uk/about-marsh/gender-pay-gap.html.

Principle 6 - Stakeholder Relationships and Engagement

"Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions."

The purpose of the Company is to protect and promote possibility for the benefit of colleagues, clients and the community.

Shareholder
As a wholly owned subsidiary, the Board duly considers the views of its ultimate shareholder, Marsh & McLennan Companies Inc., and the interests of the Group as a whole as part of any major decisions and transactions undertaken by the Company. The Board has continued to oversee the successful integration of the JLT business, with a view to realising efficiencies and achieving the Group's ultimate objectives underpinning the JLT acquisition, namely growth in talent, capabilities, revenue and earnings. During the year, as part of the integration process, the Board considered and approved, based on an external valuation, a proposal to purchase the assets and trade of JLT Specialty Limited.

Distributions to the Company's shareholder are only considered after a full assessment of capital adequacy and the Company's ability to continue as a going concern into the foreseeable future and to ensure investment in the future growth of the Company, balanced with stable and sustainable returns to the shareholder. Further information on dividends is set out in the Notes to the Financial Statements on page 42.

The Chair of the Board and the Executive Directors provide the primary channel of communication between the Company, its shareholder and the wider Group.

Clients

The Company has in place an annual client engagement programme, which is tailored for the different client segments. The Chief Executive Officer, members of the Executive team and other senior managers in the business meet regularly to review the feedback. They also undertake reviews with clients to ensure that client needs are being met and, where appropriate, to refine and enhance service delivery. In 2020 the UK Client Council was launched to help facilitate discussion between 25 of our largest clients with the purpose of driving change by challenging market dynamics and promoting the relevance of risk and insurance in the current landscape. The Council are also consulted as Marsh develops new processes, products and solutions, allowing the clients to shape those innovations to meet their risk, insurance and service needs.

In 2020 we also accelerated our programme of Independent Stewardship Reviews with clients to monitor trends in our service delivery to help address any concerns and adapt service delivery across the portfolio to respond to any trends in client feedback.

The Company is committed to ensuring all customers are treated fairly and that client interest is considered as part of decision making at every level within the Company including decisions to launch any new product or service.

Principle 6 – Stakeholder Relationships and Engagement (continued)

Clients (continued)

The Risk Committee monitors key conduct risk indicators, such as completion of employee induction and training, error and omissions and complaints data and trends, actions and time taken to address areas of concern to ensure positive client outcomes. The Board also receives reporting on conduct risks and escalations from the Risk Committee on any areas of particular concern.

Colleagues

As a professional services firm, employees are at the heart of the Company's business and, throughout 2020, the health, wellbeing and safety of employees has been a key priority for the Board. In March 2020 the Company, in line with Government advice, instructed and equipped the vast majority of employees to work from home. Where this was not possible for a very small number of employees, appropriate health and safety measures, including strict social distancing arrangements, were put in place in physical offices.

The Directors recognise that the COVID-19 pandemic has had a significant impact, not only on employees' work environment but also on a personal level. The Chief Executive Officer and the Marsh Executive increased engagement with colleagues through regular virtual Townhall meetings and in ensuring the provision of mental health support.

Regular employee engagement surveys are conducted and results are carefully scrutinised by the Board to identify and implement actions for improvement. The Board monitors attrition rates and measures absenteeism levels in an effort to identify emerging people risks and trends and to ensure appropriate action is taken to address these. Emerging people risks and trends are highlighted to the Board together with proposed action plans.

The Company is committed to reinforcing a wholly inclusive culture across a truly diverse workforce. One aspect of this is demonstrated through our commitment to the Women in Finance Charter to increase the number of females in senior grades to 25% by the end of 2023. The Women in Finance-2020 Report was the first year the combined Marsh, Guy Carpenter and Marsh & McLennan UK Corporate group has reported on its diversity and inclusion strategy. The extension of this reporting will allow the Executive Leadership to reach further into its commitment to gender diversity and align the different entities to one common goal.

There has been a nominal decrease of 0.1% in the senior female representation during 2020, resulting in 20.8% of the senior management population now being female. This has been driven primarily by the substantial change to the population being reported on, following the integration of colleagues after the completion of our acquisition of JLT on 1 April 2019.

Our 2020 Women in Finance Charter is published annually and can be found at https://www.marsh.com/uk/about-marsh/women-in-finance.html.

We have established a number of Colleague Resource Groups to help the Company better understand and support a wide range of inclusive constituents of our workforce. These groups include, AccessABILITIES, Balance, Mental Health, Military, Multi-Cultural, Pride and Young Professionals group.

Principle 6 - Stakeholder Relationships and Engagement (continued)

Community
The Company, and the Group as a whole, recognises that in a world facing increasing risk and uncertainty, supporting our communities is more important than ever before. To this end, the Group has established a committee, comprised of representatives from across its businesses in the UK, including a representative of the Company, to focus on our Social Impact (formerly CSR) efforts in the UK. Given the Group's expertise in risk, strategy and people, our social impact efforts are focused on 'building resilient communities through mentoring and disaster response & rebuilding.'

By aligning its Social Impact programmes with the business priorities and experience, the Group is able to demonstrate its commitment to its communities in the UK while supporting the business. The Group partners with select strategic global non-profit organisations, including; the Cherie Blair Foundation for Women, Junior Achievement, Missing Maps and the British Red Cross in the UK and encourages colleagues to volunteer with its non-profit partners, for local causes that are important to them and their clients. Following a successful partnership with the British Red Cross, the new charity partner is Ambitious About Autism.

In 2020, COVID-19 significantly impacted fundraising, with in-person events suspended. To mitigate this, virtual fundraising campaigns and events were held.

The Group has developed climate initiatives which represent a tangible step towards building a more sustainable environment for colleagues, clients, shareholders and future generations. More information on the initiatives may be found in the Streamline Energy and Carbon Report on page 18.

Suppliers

The Company's business with suppliers is managed through Marsh McLennan's Global Sourcing and Procurement department. The relationships with suppliers are governed either by a specific contractual agreement or a standard terms and conditions agreement with the supplier, both of which oblige all suppliers to uphold and comply with the Marsh McLennan corporate code of conduct: 'The Greater Good'. This document outlines the key tenants of our anti-fraud, anti-slavery, bribery and corruption policy, diversity and inclusion practices, hiring practices, and more. Suppliers and supplier personnel are expected to comply with the relevant provisions of such as part of our contractual agreements.

Marsh McLennan actively seeks to encourage and assist diverse suppliers interested in competing for opportunities to supply goods and services and encourages all of our suppliers to take similar action. We recognize that by partnering with diverse suppliers, we can create more value for our clients, and the communities we serve. As a commitment to delivering value and leadership through diversity, Marsh McLennan is doing the following:

- Utilizing purchasing strategies, processes, and behaviours consistent with diversity and inclusiveness;
- Actively and routinely seeking out qualified, diverse suppliers that can provide competitive and high-quality goods and services;
- Encouraging participation and support of supplier diversity by major suppliers to Marsh McLennan;
- Collaborating with our clients and suppliers on innovative ways to promote supplier diversity;
- Creating opportunities to assist in the development and recognition of divers supplier groups through instruction, mentoring, and other outreach activities;
- Monitoring progress on the effectiveness of our supplier diversity efforts.

The Company is committed to ensuring that slavery and human trafficking is not taking place in any of the Company's supply chains or any part of its business and has in place a Modern Slavery Policy which has been rolled out to all colleagues and incorporated into the Company's induction programme.

Principle 6 – Stakeholder Relationships and Engagement (continued)

Suppliers (continued)
All suppliers are required to comply with modern slavery legislation under the standard terms and conditions of our contracting agreements and the Group's Global Sourcing and Procurement team issue an annual modern slavery supplier questionnaire to certain suppliers (selected on a risk based approach) to monitor compliance. The Board is updated on response rates and the outcome of questionnaires on an annual basis. The Company's Modern Slavery Statement is published annually and can be found at https://www.marsh.com/uk/modern-slavery-statement.html

The Company reports on its supplier payment practices on a bi-annual basis, and results are monitored by the Marsh Audit Committee at its quarterly meetings. The Company's latest results can be found at https://check-payment-practices.service.gov.uk/report/40498

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has a risk committee that meets frequently throughout the year to monitor risks across the business. That committee reviews and challenges risk management activity and reports to the Board of Directors.

The principal risks and uncertainties facing the Company are those listed below:

Asset risks

The Company owns plant and equipment used by other Marsh & McLennan Companies Inc. Group companies in the UK. Any losses of or damage to those assets would threaten the ability of the Company to provide its services. The Company mitigates this risk through use of insurance and business continuity planning. The Company is also subject to impairment risk in relation to those fixed assets. The Company continually reviews its depreciation rates to ensure assets are amortised over the correct periods. In addition, the Company also reviews its tangible assets to ensure that they are not impaired.

The Company holds intangible assets relating to projects currently under development, which are subject to annual impairment tests.

Availability of IT systems risk

The Company has a number of Information Technology (IT) systems in order to carry out its day-to-day business and service its clients' requirements. There is a risk that any of these systems, as part of the overall IT infrastructure, could fail, individually or collectively, with an adverse effect on the Company's operations. The Company is part of the Marsh & McLennan Companies, Inc.'s global IT structure and there are business continuity plans in place.

Competitive risks

The Company competes in a highly competitive UK and global marketplace. Aggressive strategies from competitors and from insurers and overseas insurance hubs for our international business puts significant pressure on the Company to retain existing business and to win new business. The Company mitigates this risk by continuing to enhance its value proposition to clients.

The Company receives fees and commissions. It does not control premiums on which commissions are based; premiums are cyclical and variable.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company is exposed to credit risk are amounts due from clients and insurers in respect of funded claims, funded premiums and brokerage not yet received and cash deposits. Funding is strictly controlled and minimised.

The Company mitigates its credit risk for cash and investments by only depositing money with entities with a sufficiently high credit rating. The credit rating required is that demanded by the ultimate parent company. In addition, the Company has investment guidelines that restrict the amount of the investment portfolio that can be placed with a single counterparty.

Currency risk

The Company is exposed to currency risk in respect of revenue as well as assets and liabilities denominated in currencies other than Pounds Sterling. The most significant foreign currencies to which the Company is exposed are the US Dollar and Euro. The Company seeks to mitigate the risk as far as possible by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

Cyber risk

The Cyber control framework is managed by the Marsh McLennan Information Security team who monitor and maintain the supporting IT infrastructure, tools and technologies to safeguard the organisation, and its clients, from the rapidly changing cyber threat environment. The Company proactively de-risks its operations through regular patching and security upgrades and supports this with colleague awareness and training campaigns. In the event of heightened Cyber threat, MMC has established incident management procedures which are invoked to mitigate any adverse impacts. Attendance at the FCA hosted Cyber Co-ordination Group ensures the business has sight of local UK threats and vulnerabilities.

Errors and omissions and other claims

The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company's insurance broking business. The Company mitigates this risk through regular review of company processes and, ultimately, securing appropriate insurance cover.

Health, Safety and Environment risk

The Company is responsible for the health, safety and welfare of its employees and contractors whilst working on behalf of the Company and for ensuring that its operations do not unnecessarily harm the environment.

Where reasonably practicable, the Company pursues progressive improvements in health and safety performance and ensures that the business is compliantwith all applicable legislation.. Directors and individual managers accept responsibility for people and areas under their control and integrate health and safety into everyday activities. They are committed to ensuring the competence of all employees through selection, instruction, training and supervision.

Management of health and safety standards is ensured through effective audit and action resolution and is supported by bespoke software to allow monitoring. Incident reporting, investigation and trend analysis ensures identified workplace hazards are corrected to prevent reoccurrence. Colleague consultation plays a key role and is achieved through the Group's UK Health and Safety Committee, comprised of representatives from across the businesses in the UK, including a representative of the Company. This committee reviews the Company's arrangements in place on a regular basis and works towards continuous improvement of health and safety standards. See also Pandemic risk.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Interest rate risk

The interest rate risk of the Company is managed by treasury staff, in line with guidelines issued by its ultimate parent company.

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on earnings.

Liquidity/cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Company maintains significant holdings in liquid funds to mitigate against this risk. The Company includes the use of forecasts and budgets to monitor and control its cash flows and working capital requirements.

Market Risk

The Company is exposed to the financial and operational performance of the insurers with whom it places our clients' business. This is mitigated by managing the spread of business across carriers and regular third party due diligence.

Operational Resilience risk

The Company has established processes, controls and oversight mechanisms in place to mitigate the risk that operational disruptions result in client detriment, regulatory intervention and/or adverse commercial impacts. No systemic issues were experienced through the period resulting in client detriment, and/or the ability to maintain the servicing of the Company's important business services. The Company's Operational Resilience Programme has been established to address the regulatory requirements arising from the Financial Conduct Authority's (FCA) guidance in this area

Outsourcing risk

The Company outsources a number of its services to third party organisations. The ability of the Company to perform efficiently is directly impacted by the services of the third party providers. Outsourcing contracts and providers are respectively reviewed against performance expectations and key performance indicators.

Pandemic risk

(COVID-19) is an example of a pandemic continuing to spread through contagion, which could be around for a number of years and adaptions will have to be made to live with it. There has been a significant improvement in outlook due to vaccination programmes, although the timing of returning to a sense of normality is uncertain. The pandemic wreaks havoc for many companies, but there is an expectation that while the Global economy may take time to recover and the shape of recovery may be uncertain, it will ultimately recover. The pace of such recovery in different geographic and economic zones is likely to vary. The Company has taken a considered approach to minimising and managing the impact of the pandemic and has well formulated contingency plans, which continues to evolve as changes to circumstances occur.

The Company has proactively sought to minimise COVID-19 impacts on the mental health and well-being of its employees through centrally established support programmes, co-ordinated communications and monitoring of sickness rates. The UK Crisis Management Team continues to develop the Company's response to changing government policy and colleague requirements.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

People risks

The willingness of competitors to offer key staff higher remuneration and benefits packages continues to be a risk to the Company's ability to attract and retain key people. Periodic benchmarking of salaries is carried out to ensure the Company remains competitive. The competitor risk regarding 'colleague or team poaching' has heightened through 2020 with proportionate executive and local management governance established to minimise the threat. Where colleagues exit the company, management, HR and Legal teams exercise covenants as appropriate.

The most proximate People risks remain the impacts of the COVID-19 pandemic on colleagues and the enhanced competitor 'colleague poaching'. Both risks are noted in more detail above.

Political risk

The Company is subject to local and international economic and political instability. The Company manages this risk through monitoring of the economic environment as part of its ongoing forecasting process. Management has noted that the United Kingdom (UK) formally left the European Union ('EU') on 31 January 2020 and the subsequent "transition phase" ended on 31 December 2020. During this period, trade negotiations between the UK and EU resulted in a trade agreement in late 2020.

The Company has considered the key risks and impact to its business and operations following the end of the transition period and the content of the trade agreement and has taken steps to mitigate the key risks identified. A Brexit Operations Group was established to co-ordinate activities within and across individual lines of business and across all functional areas to ensure that the Company was Brexit ready and responsive to client needs in the UK and the EU as well as risks and any uncertainty around standards of data protection and the storing and transfer of data between the UK and EU after Brexit on employees who are EU citizens, and the potential impact on the Company's suppliers.

The Company has implemented solutions to mitigate all three areas of risk and uncertainty described above. To ensure client continuity following the loss of passporting rights for UK financial services entities in the European Economic Area (EEA) on 31 December 2020, the UK Branches of Marsh Ireland Brokers Limited (Republic of Ireland), Guy Carpenter & Company GmbH (Germany) and Marsh NV/SA (Belgium) were activated on 1 October 2020.

Regulatory risk

The risk of non-compliance with rules set out by the FCA and other relevant regulatory bodies could lead to financial penalties or the withdrawal of permissions. The risk of breaches is mitigated by employing experienced and dedicated compliance resources who are tasked with enabling and monitoring compliance across all areas of the business. Senior management are keen to promote the established compliant culture. The Company oversights its third party arrangements through established goverance mechanisms to de-risk any potential exposures.

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

Claire Valentine

C M Valentine
Secretary

Date: 26 July 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

PRINCIPAL ACTIVITY

The principal activities of the Company are set out in the Strategic Report on page 1. The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report on pages 1 to 15. This includes a review of the development of the business of the Company during the year and of likely future developments in its business. Details of the financial risk management objectives and policies are included as part of principal risks and uncertainties disclosed in the Strategic Report.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £57 million (2019 - £189 million).

The directors declared and paid dividends of £283 million during the year (2019: £224 million). The directors do not recommend the payment of a final dividend.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months after signing the financial statements and, therefore, continue to adopt the going concern basis in preparing the annual report and financial statements.

The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic, and the directors are satisfied that the Company's services will continue to be attractive to clients.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 3 to the financial statements.

DIRECTORS

The directors who served during the year were:

J V Barker (resigned 31 October 2020)
J Boyce
M D Campbell (appointed 1 December 2020)
M C Chessher
A J Coates (appointed 1 December 2020)
T Colraine
J Flahive
A S Fraser-Hawkins
A B Girling
A Gruppo
J R Hirst (resigned 28 February 2021)
A J King
C J Lay
P E Moody
J H Nash (resigned 31 December 2020)
R I White

FUTURE DEVELOPMENTS

The Company continues to be a market leader in the provision of risk management, insurance and reinsurance broking services in the United Kingdom and overseas. These activities are expected to continue and expand.

MODERN SLAVERY ACT

The Company has a longstanding commitment to conducting business in a responsible and ethical way in accordance with its Code of Conduct, 'The Greater Good'. The Company is also committed to fulfilling its obligations under the Modern Slavery Act 2015. In support of this the Company has a communications programme to raise awareness amongst all UK colleagues to ensure that they are mindful of the risks of modern day slavery.

Global Procurement has implemented specific vetting checks, in addition to existing processes, to support this initiative. The statement can be found on the Company website (www.marsh.com/uk/modern-slavery-statement.html). The statement is reviewed by the Directors annually.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

The Company, as part of the Marsh McLennan group of companies ("MMC") recognises its obligation to be good stewards of the environment and continues to look at ways to minimise its carbon footprint and impact on the environment. The Company's UK facilities are largely operated on a shared basis with other operating companies within the MMC group of companies.

On the 14 January 2021, MMC announced a series of carbon commitments. Firstly, it has pledged to be carbon neutral in 2021 through the reduction of greenhouse gas emissions in its own operations and the purchase of verifiable offsets. Secondly, it has committed to reduce its carbon emissions by 15% below 2019 levels by the year 2025. The specifics of these commitments are set out in greater detail in the MMC ESG Report issued on 31 March 2021 and can be found on: https://www.mmc.com/about/esg.html. The Company is working with the Group to ensure it actively contributes to achieving these commitments.

The Company operates from offices that are owned or leased, but which are managed centrally. In some sites, the procurement of gas and electricity is the responsibility of the Company. In other sites these services are provided by the property owner. The data in the table below comprises actual consumption of gas and electricity for the sites where the Company procures these. For landlord managed sites, the electricity consumption has been estimated. The Company does not estimate the consumption of gas in landlord managed sites, as it is not always the case that a site is supplied with gas.

At the end of December 2020, MMC in the UK occupied 114 sites; data has been estimated for 69 of these. These sites make up 36% of the total area of space occupied by MMC in the UK. We continue to look for ways to improve the quality of the data being reported and intend to contact all landlords in 2021 to request they validate the Company's consumption of gas and electricity.

A number of initiatives have been undertaken to reduce the emissions of the Company. In October 2019 an MMC UK operating company entered into a contract for the supply of electricity into company-managed sites using 100% renewable, wind and solar energy. 98% of the Company's non-landlord managed offices are supplied through this contract. In 2019, 1,447 tonnes of carbon was avoided by using this arrangement. In 2020, this increased to 4,372 tonnes. The two landlord managed sites with the highest number of company staff located at them are also supplied with 100% renewable electricity.

A programme is in place to improve the quality of energy monitoring; this includes installing sub-meters that measure the consumption of electricity throughout the day, which is used to help improve the efficiency of buildings and the operation of the buildings' systems.

The Company has been working with facility providers to increase the use of electric vehicles by replacing a number of petrol driven vehicles being used with electric vehicles and surveying a number of sites with a view to installing EV charge points.

The Company is part of an accreditation scheme operated by the Carbon Trust since 2017. In its report dated 9 February 2019, which covered the UK operations of Marsh, Mercer and Guy Carpenter, the Carbon Trust stated that the carbon management performance of the businesses was in the 75th percentile in its sector with a performance of 75% against the best performing organisation of 77% and in the 50th percentile against all certifications. A recertification with the Carbon Trust is currently underway.

The table below sets out the Company's emission information as required by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Energy usage and emissions are analysed between Scope 1 (activities directly controlled by the entity), Scope 2 (indirect emissions from purchased electricity, heat, steam and cooling from sources not controlled by the Company) and Scope 3 (indirect emissions not classified as Scope 2 emissions).

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION (continued)

The Company is required to report on location and market bases. Location based metrics present the consumption of the Company's energy in KwH into equivalent carbon emissions. Market based metrics follow the same methodology of conversion to KwH but also accounts for Company's decision to purchase renewable energy, resulting in a lower emissions value.

The Company has chosen headcount as its intensity metric, and is reporting consumption of 0.55 tonnes of CO2 emissions per person on a location basis and 0.20 tonnes on a market basis for 2020.

1. Tonnes of CO2 emissions (TCO2e)

		UK 2020 (excluding offshore)
Emissions from combustion of gas (Scope 1- tonnes of CO2e)		*388*
Emissions from combustion of fuel for transport purposes (Scope 1-tonnes of CO2e)		*14*
	Location Based	Market based
Emissions from electricity purchased for own use, including for the purpose of transport (Scope 2- tonnes of CO2e)	3,436	*993*
Emissions from business travel in rental cars of employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3- tonnes of CO2e)	0	*0*
Total gross TCO2e based on above	3,838	*1,395*
	Electricity (kWh)	Gas (Wh)
Energy consumption used to calculate emissions- kwh	14,731,677	*2,104,124*
Total		*16,835,801*
Intensity measurement, TCO2e per employee	0.55	*0.20*
Headcount (as at 31st December 2020)		*6,992*

COVID-19 UPDATE

On March 11, 2020, the World Health Organization declared the Coronavirus ("Covid-19") a pandemic; the Covid-19 pandemic could have a material adverse effect on our business operations, results of operations, cash flows and financial position.

Global health concerns relating to the ongoing Covid-19 pandemic and related government actions taken to reduce the spread of the virus have had a dramatic impact on the macroeconomic environment, and the outbreak continues to materially increase economic uncertainty and reduce economic activity.

The outbreak has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place or total lock-down orders and business limitations and shutdowns. Such measures have significantly contributed to decreased levels of business activity of our clients and the industries and markets that we serve. Governments around the globe have taken steps to mitigate some of the more severe anticipated economic effects of the virus, but there can be no assurance that such steps will be effective or achieve their desired results in a timely fashion.

The outbreak has adversely impacted and is likely to further adversely impact our workforce and operations and the operations of our clients, third-party vendors and business partners. The spread of Covid-19 has caused us to modify our business practices (including transitioning substantially all of our colleagues to a remote work environment, restricting colleague travel, developing social distancing plans for our colleagues and cancelling physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or as we determine are in the best interests of our colleagues, clients and business partners. There is no certainty how long such policies will remain in effect or that such measures will be sufficient to mitigate the risks posed by the virus or will otherwise be satisfactory to government authorities.

The ongoing impacts of Covid-19 may affect our ability to generate new business, our overall level of profitability and cash flow, and our liquidity due to a number of macroeconomic and operational factors. Such factors may include:

- the timeliness and ultimate collectability of our receivables;
- an increase in errors & omissions claims related to losses incurred by policyholders arising from the pandemic;
- failure of third parties upon which we rely to meet their obligations to us, or significant disruptions in their ability to meet those obligations in a timely manner, which may be caused by their own financial or operational difficulties;
- the impact of an extended period of remote work arrangements on our business continuity plans, and our ability to continue to provide services to our clients.

There are no comparable recent events that provide guidance as to the effect the spread of Covid-19 as a global pandemic may have and, as a result, the ultimate impact of the outbreak is highly uncertain and subject to change. We do not yet know the full extent of the impacts on our business, our operations or the global economy as a whole.

Macroeconomic conditions, political events and other market conditions around the world affect our clients' businesses and the markets they serve. These conditions may reduce demand for our services or depress pricing for those services, which could have a material adverse effect on our results of operations. Changes in macroeconomic and political conditions could also shift demand to services for which we do not have a competitive advantage, and this could negatively affect the amount of business that we are able to obtain.

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

POST BALANCE SHEET EVENTS

Subsequent to the year end, on 28 February 2021, the Company sold its network business to Jelf Insurance Brokers Limited, a fellow group company. This was in exchange for 1,000 ordinary shares in Jelf Insurance Brokers Limited increasing the Company's existing investment.

Additionally, after the balance sheet date, the Company received a dividend of £175 million from a subsidiary. The Company subsequently declared dividends to its parent company of £285 million and £140 million.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the board on 26 July 2021 and signed on its behalf.

Claire Valentine

C M Valentine
Secretary

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Annual Report and the financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSH LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Marsh Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position
- the statement of changes in equity; and
- the related notes 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- assessing other market altering factors such as Covid-19 by looking at the operational impact and business continuity plans;
- evaluating management's projections for the subsequent 12-month period from the date of signing for reasonableness, including an assessment of management's stress testing; and
- assessing the going concern disclosures included within the financial statements

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

- ISA240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition; evaluate which types of revenue, revenue transactions or assertions give rise to such risks. For the purpose of this audit we identified a risk of fraud in revenue recognition, specific to revenue being recorded in the incorrect period, where management is incentivised to meet certain targets and therefore may inappropriately accrue revenue.

  We have evaluated and tested the design and implementation as well as the operating effectiveness of the company's internal controls around revenue recognition, with focus on revenue accrual and the cutoff risk. We selected a sample of revenue accruals recognised on the balance sheet as at 31 December 2020. The transactions selected for testing were agreed to policy documentation / client agreements, the date on which the service(s) were completed and the date the client agreed the fees / commissions. We challenged management's conclusions on the appropriateness of recognising revenue and the amount recognised by independently drawing our own conclusions from 3rd party documentation.

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 an in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

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

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

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

We have nothing to report in respect of these matters.

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

Paul F Stephenson

Paul Stephenson BA, FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London
United Kingdom

Date: 29 July 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Continuing operations 2020 £M	Discontinued operations 2020 £M	Total 2020 £M	*Continuing operations 2019 £M*	*Discontinued operations 2019 £M*	*Total 2019 £M*
Turnover	4	1,101	104	1,205	*822*	*129*	*951*
Gross profit		1,101	104	1,205	*822*	129	*951*
Administrative expenses		(885)	(78)	(963)	*(601)*	*(99)*	*(700)*
Other operating income	5	1	-	1	*2*	-	*2*
Other operating charges	7	(9)	-	(9)	*(4)*	-	*(4)*
Operating profit	7	208	26	234	*219*	30	*249*
Income from participating interests	11	142	-	142	*19*	-	*19*
Income from fixed assets investments	12	1,361	-	1,361	*9*	-	*9*
Amounts written off investments	18	(1,621)	-	(1,621)	*(40)*	-	*(40)*
Interest receivable and similar income	12	3	-	3	*4*	-	*4*
Other finance income		1	-	1	-	-	-
Profit before tax		94	26	120	*211*	30	*241*
Tax on profit	14	(58)	(5)	(63)	*(46)*	*(6)*	*(52)*
Profit for the financial year		36	21	57	*165*	24	*189*

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 32 to 64 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £M		2019 £M
Fixed assets					
Intangible fixed assets	16		1,059		*31*
Tangible assets	17		1		-
Investments	18		855		*2,262*
			1,915		*2,293*
Current assets					
Debtors: amounts falling due after more than one year	19	4		*3*	
Debtors: amounts falling due within one year	19	540		*404*	
Bank and cash balances	21	3,010		*2,417*	
		3,554		*2,824*	
Creditors: amounts falling due within one year	22	(2,596)		*(2,027)*	
Net current assets			958		*797*
Total assets less current liabilities			2,873		*3,090*
Provisions for liabilities					
Provisions	25	(29)		*(20)*	
	13		(29)		*(20)*
Net assets			2,844		*3,070*
Capital and reserves					
Called up share capital	26		255		*255*
Share premium account	27		35		*2,313*
Other reserves	27		10		*10*
Profit and loss account	27		2,544		*492*
			2,844		*3,070*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 July 2021.

M C Chessher
Director

The notes on pages 32 to 64 form part of these financial statements.

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£M	£M	£M	£M	£M
At 1 January 2020	255	2,313	10	492	3,070
Comprehensive income for the year					
Profit for the year	-	-	-	57	57
Gain on transfer of shares	-	-	-	2,278	2,278
Other comprehensive income for the year	-	-	-	2,278	2,278
Total comprehensive income for the year	-	-	-	2,335	2,335
Dividends: Equity capital	-	-	-	(283)	(283)
Shares redeemed during the year	-	(2,278)	-	-	(2,278)
Total transactions with owners	-	(2,278)	-	(283)	(2,561)
At 31 December 2020	255	35	10	2,544	2,844

The notes on pages 32 to 64 form part of these financial statements.

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

	Called up share capital	Share premium account	Other reserves	Merger reserve	Profit and loss account	Total equity
	£M	£M	£M	£M	£M	£M
At 1 January 2019	255	682	10	(2)	529	1,474
Comprehensive income for the year						
Profit for the year	-	-	-	-	189	189
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	189	189
Dividends: Equity capital	-	-	-	-	(224)	(224)
Shares issued during the year	-	1,631	-	-	-	1,631
Transfer to/from profit and loss account	-	-	-	2	(2)	-
Total transactions with owners	-	1,631	-	2	(226)	1,407
At 31 December 2019	255	2,313	10	-	492	3,070

The notes on pages 32 to 64 form part of these financial statements.

1. GENERAL INFORMATION

Marsh Limited is a company incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on the Company information page. Marsh Limited is a private company limited by shares. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 15.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Marsh & McLennan Companies Inc. as at 31 December 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Shareholders have been notified in writing and do not object to the disclosure exemptions.

2.3 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review which forms part of the Strategic Report. The Strategic Report also describes the financial position of the Company; its cash flows and liquidity risk; and its exposure to credit risk.

The Company meets its day to day working capital requirements from corporate cash balances. The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's services; (b) the exchange rate between sterling and foreign currencies; and (c) the Company's cost base. The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid 19 pandemic, and the directors are satisfied that the Company's services will continue to be attractive to clients. The Directors considered it was appropriate for the Company to perform additional procedures and analysis, specific to Covid 19, to consider whether these events and uncertainties cast significant doubt upon the Company's ability to continue as a going concern. This monitoring and analysis considered our business resilience and continuity plans, and stress testing of liquidity and financial resources. The analysis modelled the financial impact using scenarios assuming both an increase and decrease in revenue for a 12 month period so that the potential impact on profitability and liquidity could be assessed.

Having assessed the responses to their enquiries, including those related to Covid 19, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern.

The directors acknowledge the latest guidance on going concern. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months from the date of approval of the financial statements and, therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Investment income

Investment income from fiduciary and corporate balances is recognised on an accruals basis using the effective interest rate method.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.8 INSURANCE BROKING ASSETS AND LIABILITIES

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, debtors from insurance broking transactions are not included as an asset of the Company. Other than the receivable for revenue not yet received for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs.

In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the Statement of Financial Position as part of trade receivables.

Acting as agent, Marsh Limited does not meet the definition of a financial institution under FRS 102 and accordingly has taken relief from providing additional disclosure in accordance with FRS 102.34.17-33.

2.9 FINANCE COSTS

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

2. ACCOUNTING POLICIES (CONTINUED)

2.10 CURRENT AND DEFERRED TAXATION

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.11 INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis over 10 to 20 years to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software Internally developed	-	On a straight line basis over 3 to 5 years
Client book of business	-	In line with underlying cash flows over 4 - 15 years

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software or to sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Management review intangibles and estimate the useful lives based on estimates of the future cash flows.

2.12 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. ACCOUNTING POLICIES (CONTINUED)

2.12 TANGIBLE FIXED ASSETS (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold improvements	- 10% per annum
Fixtures and fittings	- 10 - 20% per annum
Office equipment	- 10 - 20% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 CONTRACTUAL OUTSOURCED ARRANGEMENTS

Where the outcome of a long term outsourcing contract can be estimated reliably, the costs are recognised by reference to the stage of completion. This is measured by the proportion of outsourcing contract costs incurred to date relative to the estimated total outsourcing contract costs.

Outsourcing contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that the total outsourcing contract costs will exceed estimated total outsourcing contract costs, the expected overrun of costs is recognised immediately.

2.14 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Impairment is measured by comparing the carrying value of the asset with its future discounted cash flow. Those held as current assets are stated at the lower of cost and net realisable value.

2. ACCOUNTING POLICIES (CONTINUED)

2.15 IMPAIRMENT OF FIXED ASSETS AND GOODWILL

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ('CGU') to which the asset has been allocated) is tested for impairment. 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 (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.16 IMPAIRMENT

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of income as described below.

i. Financial assets
For the Company's assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For the Company's assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

ii. Non-financial assets
At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets acquired separately to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2. ACCOUNTING POLICIES (CONTINUED)

2.16 IMPAIRMENT (CONTINUED)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of income, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Internally generated intangible assets arising from the Company's internal system development projects are considered for impairment on a regular basis. Where assets no longer have a useful purpose either by the result of obsolescence or the Company's decision to migrate to other products, then the asset will be written off in the statement of income in the quarter in which the asset is no longer in a condition useable by the Company in any capacity..

2.17 DEBTORS

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

2.18 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. ACCOUNTING POLICIES (CONTINUED)

2.20 POST PLACEMENT SERVICE PROVISIONS

An estimate is made of the future liabilities that arise in the current year and previous years from the placement of insurance policies. The provision is determined considering the time taken to provide the post placement services, the number of claims that are to be processed and the costs of processing claims.

2.21 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. 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. Changes in the fair

2. ACCOUNTING POLICIES (CONTINUED)

2.21 FINANCIAL INSTRUMENTS (continued)

value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.22 DIVIDENDS

Dividends are the way that the Company makes distributions from the Company's profits to its shareholder. The dividend is determined in sterling, the economic currency of the Company. The Directors may choose to declare dividends in any currency provided that a sterling equivalent is announced.

The Board decides the level of dividend in consultation with, or consideration of, various stakeholders, including the management and delegation advisers of the Company's ultimate parent company, Marsh & McLennan Companies, Inc.. The amount and timing of a dividend may be changed at any time, and is influenced by factors such as:

- the Company's working capital requirements to sustain its business plans;
- the Company's Regulatory Capital requirements;
- consideration of future employer contributions required for the closed defined benefit pension plan, should the fund be in deficit;
- the Company's future capital investment needs; and
- the Company's excess financial resources.

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

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Company's accounting policies

The directors do not consider any judgements critical, other than those involving estimations that are dealt with separately below, which have been made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

Goodwill
The Company establishes a reliable estimate of the useful life of goodwill arising on trade and business acquisitions. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Impairment review of fixed asset investments
The Company has an annual process of reviewing its fixed asset investments for indicators of impairment. Areas of critical judgement include estimates of future discount rates, future earnings and consideration of whether there is a willing buyer in the market for these investments.

Impairment and impairment reversals are measured by comparing the carrying value of the asset with its future discounted cash flow. Any impairment that has subsequently been reversed is capped to its historical acquisition cost.

Errors and omissions
The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company's insurance broking business. Provisions have been made only in respect of claims attributable to events which have occurred, and been notified to the Company, by the reporting date. The provision for errors and omissions claims is based on a current estimate of the total claims as advised by the Company's legal team.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2020 £M	2019 £M
Client service revenue	1,192	923
Bank interest receivable	13	28
	1,205	951

Analysis of turnover by country of destination:

	2020 £M	2019 £M
United Kingdom	563	426
North America	258	187
Rest of the world	384	338
	1,205	951

5. OTHER OPERATING INCOME

	2020 £M	2019 £M
Other income from broking activities	1	2
	1	2

6. OTHER OPERATING CHARGES

	2020 £M	2019 £M
Foreign exchange losses on operating activities	9	4
	9	4

7. OPERATING PROFIT

The operating profit is stated after charging:

	2020 **£M**	*2019* *£M*
Amortisation of intangible assets, including goodwill	79	*14*
Exchange differences	9	*4*

The audit fee attributable to the Company is £1.3 million (2019: £0.8 million). In addition to the statutory audit, the auditor also provided an assurance report on the Company's client assets; the fee for the Company is £0.1 million (2019: £0.1 million).

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2020 **£M**	*2019* *£M*
Wages and salaries	440	*345*
Social security costs	58	*44*
Cost of defined contribution scheme	24	*18*
	522	*407*

The majority of contracts of employment are with, and the remuneration of employees and directors is paid by, a fellow Group company, Marsh Services Limited. The Company is charged and bears the cost for the remuneration and other associated benefits paid on its behalf, with the exception of the share-based payments charge which is accounted for in Marsh Services Limited.

Marsh Services Limited operates a pension scheme ("the Fund") in the United Kingdom with defined benefit and defined contributions sections. The Marsh defined benefit section was closed to new employees of the Company with effect from 1 July 2004. Following consultation, Marsh Services Limited determined in January 2014 to close the existing sections of the Fund to all future benefit accrual with effect from 1 August 2014.

The Company, through its management fee with Marsh Services Limited, contributes to the Marsh section of the MMC UK Pension Fund. The FRS 102 Section 28 disclosures for the defined contribution section have been made within the financial statements of Marsh Services Limited. At 31 December 2020, Marsh Services Limited disclosed in its financial statements that the pension scheme valuation is an asset of £667 million (31 December 2019: asset £871 million) using an FRS 102 valuation basis. Further detail can be found in the financial statements of Marsh Services Limited.

9. DIRECTORS' REMUNERATION

	2020 £M	*2019 £M*
Directors' emoluments	13	*9*
Compensation for loss of office	-	*1*
	13	*10*

During the year retirement benefits were accruing to 4 directors *(2019 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2 million *(2019 - £3 million)*. The highest paid director exercised 5702 stock awards during the year (*2019: 3,855*). The highest paid director exercised no share options in the year. (*2019: £NIL*)

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL *(2019 - £NIL)*.

The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL *(2019 - £NIL)*.

During the year NIL directors received shares under the long term incentive schemes (*2019 -NIL*)

The emoluments shown above reflect the total emoluments received by the directors for services relating to the Company and other companies in the Marsh & McLennan Companies, Inc., Group (the "Group") during the year under review. The directors' emoluments disclosed above are not allocated to a Group company in receipt of an individual's specific service. Emoluments are paid by the directors' employing company within the Group which, in the main, is Marsh Services Limited. The remuneration costs from Marsh Services Limited are subsequently recharged to the Company.

10. INCOME FROM PARTICIPATING INTERESTS

	2020 **£M**	*2019* *£M*
Proceeds on sale of business	142	*19*
	142	*19*

On 1 October 2020, the Company transferred the business of European Economic Area (EEA) clients from the Company to the UK branches of other subsidiary companies registered in the Republic of Ireland, Germany and Belgium for an overall profit of £139 million.

In addition, in September 2020 the Company sold Marsh Limited Corporate CST business to another group company for a profit of £1 million.

On 1 January 2019, the Company sold its branch in the Republic of Ireland to Marsh Ireland Brokers Limited, a company incorporated in the Republic of Ireland, at fair market value for a gain of £18 million.

On 1 January 2019, the Company sold a business line for £1 million at fair market value to another group company.

11. INCOME FROM FIXED ASSET INVESTMENTS

	2020 **£M**	*2019* *£M*
Dividends received from unlisted investments	1,361	*9*
	1,361	*9*

Income from fixed asset investments increased by £1,352 million. During the year two indirect subsidiaries of the Company sold their trade and assets to the Company. These subsidiaries subsequently declared dividends to their immediate parent, JLT Insurance Group Holdings Limited, (a subsidiary of Marsh Limited). Following receipt of dividends from its subsidiaries, JLT Insurance Group Holdings Limited declared dividends to Marsh Limited.

12. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 **£M**	*2019* *£M*
Other interest receivable	3	*4*
	3	*4*

13. OTHER FINANCE INCOME

	2020 £M	*2019 £M*
Other finance income	1	-
	1	-

The Company reviewed the recoverability of its deferred consideration assets at the year end which resulted in an overall gain £1 million.

14. TAXATION

	2020 £M	*2019 £M*
CORPORATION TAX		
Current tax on profits for the year	62	*51*
	62	*51*
FOREIGN TAX		
Foreign tax on income for the year	2	-
	2	-
TOTAL CURRENT TAX	64	*51*
DEFERRED TAX		
Origination and reversal of timing differences	(1)	*1*
TOTAL DEFERRED TAX	(1)	*1*
TAXATION ON PROFIT	63	*52*

14. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than *(2019 - higher than)* the standard rate of corporation tax in the UK of 19.0% *(2019 - 19.0%)*. The differences are explained below:

	2020 £M	*2019 £M*
Profit before tax	120	*241*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%)	23	*46*
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	308	*10*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	16	*2*
Non-taxable income	(27)	*(4)*
Dividends from UK companies	(259)	*(2)*
Foreign tax	2	*-*
TOTAL TAX CHARGE FOR THE YEAR	63	*52*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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

15. DIVIDENDS

	2020 £M	*2019 £M*
Interim dividends for the year	283	*224*
	283	*224*

16. INTANGIBLE ASSETS

	Client book of business £M	Computer software £M	Goodwill £M	Total £M
COST				
At 1 January 2020	29	19	577	625
Additions	-	-	1,231	1,231
Additions - internal	-	2	-	2
Intra-group transfers	-	5	-	5
Disposals	-	-	(137)	(137)
At 31 December 2020	29	26	1,671	1,726
AMORTISATION				
At 1 January 2020	11	11	572	594
Charge for the year on owned assets	3	3	73	79
Amortisation transfer from group	-	1	-	1
On disposals	-	-	(5)	(5)
At 31 December 2020	14	15	640	669
NET BOOK VALUE				
At 31 December 2020	15	11	1,031	1,057
At 31 December 2019	*18*	*8*	*5*	*31*

During the year, as part of the JLT integration, the Company purchased trade and assets from its subsidiary undertakings JLT Reinsurance Brokers Limited and JLT Specialty Limited. This resulted in an increase in goodwill of £1,231 million. The Company then sold £132 million of this goodwill during the year to the UK branches of other subsidiary companies registered in the Republic of Ireland, Germany and Belgium.

Amortisation is charged to the Statement of Comprehensive Income and resides within administrative expenses. Goodwill is amortised over the useful economic life of each acquisition, which ranges between 10 and 20 years.

Management also performed an annual impairment test of the Company's goodwill and concluded that no additional impairment charge was appropriate.

17. TANGIBLE FIXED ASSETS

	Fixtures and fittings £M	Office equipment £M	Total £M
COST OR VALUATION			
At 1 January 2020	1	21	22
Additions	-	1	1
At 31 December 2020	1	22	23
DEPRECIATION			
At 1 January 2020	1	21	22
At 31 December 2020	1	21	22
NET BOOK VALUE			
At 31 December 2020	-	1	1
At 31 December 2019	-	-	-

18. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £M
COST OR VALUATION	
At 1 January 2020	2,302
Additions	214
At 31 December 2020	2,516
IMPAIRMENT	
At 1 January 2020	40
Charge for the period	1,621
At 31 December 2020	1,661
NET BOOK VALUE	
At 31 December 2020	855
At 31 December 2019	*2,262*

The Company received shares in Guy Carpenter & Company GMBH and Marsh SA as part of the consideration for the EU business sold to their UK branches during the year; this amounted to £214 million.

The impairment charge recognised in the year principally relates to the reduction in value of two of the Company's indirect subsidiaries following the sale of their trade and assets to the Company during the year and the subsequent declaration of dividends by these indirect subsidiaries and their immediate parent, a subsidiary of the Company. See Note 11.

18. FIXED ASSET INVESTMENTS (CONTINUED)

Fixed Asset Investments

Details of the Company's subsidiary undertakings at 31 December 2020 are shown below:

Name	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
BBPS Limited	United Kingdom	Ordinary	100	1 Tower Place West, London, ECR 5BU
Beaumonts Insurance Services Limited	United Kingdom	Ordinary	100	1 Tower Place West, London, ECR 5BU
Bluefin Insurance Services Limited	United Kingdom	Ordinary	100	1 Tower Place West, London, ECR 5BU
Central Insurance Services Limited	United Kingdom	Ordinary	100	Crown House, Prospect Road, Arnhall Business Park, Aberdeenshire AB32 6FE
Clark Thomson Insurance Brokers Limited	United Kingdom	Ordinary	100	Ground Floor North, Leven House, 10 Lochside Place, Edinburgh, EH12 9DF
Cronin & Co Insurance Services Limited	United Kingdom	Ordinary	100	1 Tower Place West, London, ECR 5BU
Guy Carpenter & Company Gmbh	Germany	Ordinary	41	Muellerstrasse 3, 80469 Munich, Germany
Guy Carpenter & Company Limited*	United Kingdom	Ordinary	100	1 Tower Place West, London, ECR 5BU
Hamilton Bond Limited	United Kingdom	Ordinary	100	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX
Hayward Aviation Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
Jelf Commercial Finance Limited	United Kingdom	Ordinary	100	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX

18. FIXED ASSET INVESTMENTS (CONTINUED)

Name	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
Jelf Insurance Brokers Limited*	United Kingdom	Ordinary	100	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX
Jelf Risk Management Limited	United Kingdom	Ordinary	100	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX
Jelf Wellbeing Limited	United Kingdom	Ordinary	100	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX
JLT Advisory Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
JLT Insurance Group Holdings Limited*	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
JLT Re Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
JLT Reinsurance Brokers Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
JLT Specialty Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
Lloyds & Partners Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW
Marine, Aviation & General (London) Limited	United Kingdom	Ordinary	25	1 Minister Court, Mincing Lane, London, EC3R 7AA
Marsh & McLennan Companies BVBA/SPRL	Belgium	Nominative	99	Avenue Herrmann-Debroux, 2, B-1160 Brussels
MMC Capital Solutions UK Limited formally JLT Secretaries Limited	United Kingdom	Ordinary	100	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW

18. FIXED ASSET INVESTMENTS (CONTINUED)

Name	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
MMC Securities (Europe) Limited*	United Kingdom	Ordinary	100	1 Tower Place West, Tower Place, London, EC3R 5BU
Mountlodge Limited	United Kingdom	Ordinary	100	Ground Floor North, Leven House, 10 Lochside Place, Edinburgh, EH12 9DF
SME Insurance Services Limited	United Kingdom	Ordinary	100	1 Tower Place West, Tower Place, London, EC3R 5BU
The Purple Partnership Limited	United Kingdom	Ordinary	100	Hillside Court, Bowling Hill, Chipping Sodbury, Bristol, BS37 6JX

* Subsidiary is directly owned by the Company.

In the opinion of the directors the value of the investment in the Company's subsidiaries is not less than the amount at which it is included in the Statement of Financial Position.

19. DEBTORS

	2020 £M	*2019 £M*
DUE AFTER MORE THAN ONE YEAR		
Deferred tax	4	*3*
	4	*3*

19. DEBTORS (CONTINUED)

	2020 £M	2019 £M
DUE WITHIN ONE YEAR		
Trade debtors	255	201
Amounts owed by group undertakings	76	58
Amounts recoverable from captive insurer in respect of errors and omissions claims reserved	29	21
Other debtors	57	5
Prepayments and accrued income	118	118
Amounts recoverable from group undertakings - tax	5	1
	540	404

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

20. INSURANCE DEBTORS

	2020 £M	2019 £M
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Third party trade debtors	1,942	1,169
Amounts owed by group undertakings	723	530
	2,665	1,699
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Third party trade debtors	94	108
	94	108

Insurance debtors of £2,759 million and insurance creditors of £4,666 million are presented in the balance sheet at 31 December 2020 as a net payable of £1,907 million included within trade creditors (Note 22).

21. BANK AND CASH BALANCES

	2020 **£M**	*2019* *£M*
Fiduciary cash held under a non-statutory fiduciary trust	1,907	*1,467*
Cash at bank and in hand	1,053	*892*
Corporate cash - Restricted funds	50	*58*
	3,010	*2,417*

Within the corporate cash restricted funds balance, there is an amount held of £50 million, which represents funds required to be held outside of the corporate cash pooling arrangements, as agreed with the Financial Conduct Authority.

Therefore, this amount is not subject to the potential exposure explained at note 29 (c) with regard to the Company's corporate cash pooling arrangements.

22. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 **£M**	*2019* *£M*
Trade creditors	1,915	*1,467*
Amounts owed to group undertakings	324	*287*
Corporation tax	-	*24*
Amounts owed to group undertakings for tax	145	*82*
Other creditors	9	*1*
Accruals and deferred income	203	*166*
	2,596	*2,027*

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

23. INSURANCE CREDITORS

	2020 £M	*2019 £M*
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Third party trade creditors	4,216	*2,930*
Amounts owed to group undertakings	361	*241*
	4,577	*3,171*
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Third party trade creditors	89	*103*

24. DEFERRED TAXATION

	2020 £M	*2019 £M*
At beginning of year	3	*4*
Charged/ (credited) to profit or loss	-	*(1)*
Arising on business combinations	1	-
AT END OF YEAR	4	*3*

The deferred tax asset is made up as follows:

	2020 £M	*2019 £M*
Accelerated capital allowances	3	*3*
Short term timing difference	1	-
	4	*3*

Following enactment of the Finance Bill 2020 on 22 July 2020, the UK Corporation Tax rate (from 1 April 2020) has been maintained at 19% and has not reduced to 17% as previously legislated.

Deferred tax timing differences have been provided for at the tax rates substantively enacted at the balance sheet date.

The Budget announcement on 3 March 2021 included an increase in the UK Corporation Tax rate to 25% from 1 April 2023. If this tax rate had been substantively enacted at the balance sheet date, the deferred tax asset would be £1 million higher.

There are no unrecognised deferred tax balances.

25. PROVISIONS

	Errors and Omissions and other claims £M
At January 2020	20
Additional provision made	14
Paid in year	(7)
Transferred on acquisition of business	2
	29

Errors and omissions and other claims

The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company's insurance broking business. Provisions have been made only in respect of claims attributable to events which have occurred, and been notified to the Company, by the reporting date. Each case is reviewed independently and represents managements best estimate of the Company's liability.

The provision is shown gross of any monies recoverable under the group's insurance policies which are included within debtors.

26. CALLED UP SHARE CAPITAL

	2020 £M	*2019 £M*
Allotted, called up and fully paid		
255,202,535 *(2019 - 255,203,534)* Ordinary shares of £1.00 each	255	*255*

The Company has one class of ordinary shares which carries no right to fixed income.

1000 £1 shares were redeemed from the Company's immediate parent company during the year as part of the capital reduction during the year.

27. RESERVES

Share premium account

Share premium represents the premium received above the par value on ordinary share capital transactions.

The Company performed a capital reduction during the year transferring £2,278 million to the profit and loss account.

Other reserves

In October 2017, as a result of the issue of shares arising from the acquisition, the Company made a gain of £10.2 million on the transfer of SME Insurance Services Limited to Jelf Insurance Brokers Limited at fair market value. As the consideration received was shares in Jelf Insurance Brokers Limited, this has been treated as a non-distributable reserve.

Merger Reserve

In 2010, the Company set up a branch operation in the Republic of Ireland. The difference between the consideration paid for the trade and assets and their fair values has created the "Merger Reserve".

The branch has now been sold, so this reserve has been reclassed to distributable reserves.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

28. DISCONTINUED OPERATIONS

During the year the Company transferred the business of European Economic Area (EEA) clients from the Company to the UK branches of other subsidiary companies registered in the Republic of Ireland, Germany and Belgium.

In exchange for business transfer the Company received shares in Guy Carpenter & Company GMBH and Marsh NV/SA amounting to £214 million the remainder of the consideration was settled in cash.

		£M
Consideration		274
		274
NET ASSETS DISPOSED OF:		
Intangible fixed assets	(132)	
		132
PROFIT ON DISPOSAL BEFORE TAX		(142)

The net inflow of cash in respect of the sale of EEA Clients is as follows:

	£M
Cash consideration	58
NET INFLOW OF CASH	58

29. CONTINGENT LIABILITIES

a. A guarantee has been given to Citibank N.A., by the Company in order to access the London Market Letter of Credit Scheme. The maximum exposure to the Company is the amount held in the Letter of Credit bank accounts at any point in time. As at 31 December 2020, the Company held a total amount of £1.0 million (2019: £1.0 million) in relation to these bank accounts.

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

c. The Company participates in cash pooling agreements with banks. Each member of the pool indemnifies against all losses incurred as a result of the failure of any other pool member, limited to any net cash balance held in the pool. As at 31 December 2020, the Company had a total balance of £1,053 million (2019: £890 million) in the pool. The other members of the pooling arrangements are companies fully owned by Marsh & McLennan Companies, Inc.

d. The Company has extended an indemnity to J.P. Morgan Chase Bank to enable Marsh Treasury Services Limited to make payments on the J.P. Morgan Chase Multibank Payments Service on behalf of Marsh Employee Benefits Limited. This has been counter guaranteed by Marsh & McLennan Companies, Inc.

e. In connection with its acquisition of U.K.-based Sedgwick Group in 1998, the Company acquired several insurance underwriting businesses that were already in run-off, including River Thames Insurance Company Limited ("River Thames"), which the Company sold in 2001. Sedgwick guaranteed payment of claims on certain policies underwritten through the Institute of London Underwriters (the "ILU") by River Thames. The policies covered by this guarantee were reinsured up to £40 million by a related party of River Thames. Payment of claims under the reinsurance agreement is collateralised by segregated assets held in a trust. As of 31 December 2020, the reinsurance coverage exceeded the best estimate of the projected liability of the policies covered by the guarantee. To the extent River Thames or the reinsurer is unable to meet its obligations under those policies, a claimant may seek to recover from the Company under the guarantee.

29. CONTINGENT LIABILITIES (CONTINUED)

f. The Company has provided a guarantee to MMC UK Pension Fund Trustee Limited ("Trustee"), as trustee of the MMC UK Pension Fund ("Fund") to ensure punctual performance by Marsh Services Limited ("MSL") of all its payments to the Fund. Failing that, the Company will pay the Trustee any amounts due by MSL and indemnify the Trustee against any related costs, losses or liabilities suffered if any amounts are unrecoverable.

Further details of the pension fund are disclosed in the financial statements of Marsh Services Limited. In 2013 the Company agreed that future deficit funding contributions for the period from 2014 would be based on an annual assessment using financial assumptions agreed with the Trustee.

In March 2017 the guarantee was restructured into a format compliant with the Pension Protection Fund regulations.

Depending on future experience development, contingent deficit contributions of up to £504.7 million are covered by the guarantee payable over a seven year period from January 2017 to December 2023.

Summarised below is the Marsh Services Limited pension fund valuation under FRS 102 as at 31 December:

	2020 **£M**	*2019* *£M*
Present value of funded obligation	(5,240)	*(4,082)*
Fair value of plan assets	5,928	*4,971*
	688	*889*
Present value of unfunded obligations	(21)	*(18)*

30. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under FRS 102 Section 33.1A not to disclose transactions between entities within the Marsh & McLennan Companies, Inc. Group (the "Group"), where no less than 100% of voting rights are controlled within the Group, whose consolidated financial statements are publicly available. There are no other transactions requiring disclosure.

31. POST BALANCE SHEET EVENTS

Subsequent to the year end, on 28 February 2021, the Company sold its network business to Jelf Insurance Brokers Limited, a fellow group company. This was in exchange for 1,000 ordinary shares in Jelf Insurance Brokers Limited increasing the Company's existing investment.

Additionally, after the balance sheet date, the Company received a dividend of £175 million from a subsidiary. The Company subsequently declared dividends to its parent company of £285 million and £140 million.

32. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company's immediate parent company is MMC UK Group Limited, registered in England and Wales. The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in the state of Delaware, United States of America.

The smallest and largest group in which the results of Marsh Limited are consolidated is that headed by Marsh & McLennan Companies, Inc. The consolidated financial statements of Marsh & McLennan Companies, Inc. are available to the public and may be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

and also from:

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