

# **JLT Reinsurance Brokers Limited**

## **Annual report and financial statements for the year ended 31 December 2013**

**Company Number: 05523613**

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## **JLT Reinsurance Brokers Limited**

**(Company Number: 05523613)**

### **Strategic Report for the year ended 31 December 2013**

The directors present their strategic report on the company for the year ended 31 December 2013.

#### **Business Review**

Turnover of £48.7m was up 5.6% on 2012, producing an underlying trading margin of 20%, compared to 27% last year.

Profit for the year before taxation amounts to £9,589k (2012: £12,728k).

The results of the Company for the year ended 31 December 2013 are set out in the financial statements on pages 11 to 33.

#### **Principal risks and uncertainties**

On an ongoing basis, management profiles the significant risks, both operational and strategic, faced by the Company and reviews the effectiveness of risk management controls including loss prevention and recovery planning.

This exercise covers a broad range of risks, including operational, financial/treasury, information technology, health and safety, human resource and legal areas.

The key operational risks facing the Company include errors and omissions, failure of business planning, regulatory sanctions and IT security.

#### **Key performance indicators (KPIs)**

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

Revenue per employee - defined as turnover (fees and commissions) divided by total staff numbers (average for the year).

Trading profit per employee - defined as turnover less operating expenses (excluding exceptional items and impairment charges) divided by total staff numbers (average for the year).

Salary to turnover ratio - defined as direct salary costs (excluding exceptional items and impairment charges) divided by turnover (fees and commissions).

Indirect costs to turnover ratio - defined as indirect costs (operating expenses excluding direct salary costs, exceptional items and impairment charges) divided by turnover (fees and commissions).

**JLT Reinsurance Brokers Limited**

**(Company Number: 05523613)**

**Strategic Report for the year ended 31 December 2013**

	<b>2013</b>	<b>2012</b>
Revenue per employee	£299,000	£292,000
Trading profit per employee	£60,000	£79,000
Salary to turnover ratio	50.9%	51.5%
Indirect costs to turnover ratio	29.2%	21.5%

Approved by the Board on 31 July 2014 and signed on its behalf by:



.....  
H A Speare-Cole  
Director

## **JLT Reinsurance Brokers Limited**

(Company Number: 05523613)

### **Directors Report for the year ended 31 December 2013**

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2013.

#### **Principal activities**

During the period the principal activity of the Company was treaty and facultative reinsurance broking. During the period the Company was authorised and regulated by the Financial Services Authority. As at the 1st April 2013 the Financial Services Authority ceased to exist and the Company is now regulated by the Financial Conduct Authority. The directors anticipate that the Company will continue trading for the foreseeable future.

#### **Future Outlook**

The Company has maintained its position of strength in its chosen specialist industry sectors. Continuing investment in expertise that stimulates the broadening and deepening of the product offering, provides a sound foundation for continued future success.

The directors continue to have confidence in the future of the business and its continued operation.

#### **Dividends**

Final dividends of £10,000,000 were recommended by the directors and paid during the year (2012: £10,000,000).

#### **Share capital**

On 31 October 2013, the allotted share capital was increased by £39,563 to £3,433,896 by the creation of 39,563 shares at a nominal value of £1 each.

#### **Acquisitions**

On 6th November 2013 JLT Group acquired Towers Watson's reinsurance brokerage operations, a business operating in the United States, the United Kingdom, Bermuda, Canada, France and Germany. As a result the Company purchased Towers Watson (Re) Insurance Limited and Towers Watson Capital Markets Limited.

The combined businesses have been branded JLT Towers Re and whilst the integration of the two businesses will continue during 2014, the business now has the platform and capabilities to retain and attract talent and win market share. This will also strengthen the scale and capabilities of the London Market operation.

## **JLT Reinsurance Brokers Limited**

**(Company Number: 05523613)**

### **Directors Report for the year ended 31 December 2013**

#### **Financial Risk Management**

The nature of the Company's international operations exposes it to a variety of financial risks including the effects of changes in foreign currency exchange rates, counter-party credit risks, liquidity and interest rates. JLT Group has in place financial risk management policies and uses financial instruments, including derivatives, to manage these risks.

JLT Group's treasury policies are approved by the Company's Board and are implemented through JLT Group's Treasury function and the Company's Finance department. These bodies operate within a framework of policies and procedures that establish guidelines to manage currency risk, liquidity risk and interest rate risk and the use of counter-parties and financial instruments to manage these. The JLT Group Treasury department and the Company's Finance department are subject to regular internal and external audit review.

#### **Liquidity Risk**

JLT Group maintains a combination of short-term uncommitted facilities and long-term uncommitted facilities to ensure that it has adequate funds available to finance individual subsidiaries and the Group's overall growth.

#### **Foreign Currency Risk**

The Company's principal currency transaction exposure arises in respect of US dollar revenue. As a consequence the Company's results are highly sensitive to changes in the sterling/US dollar exchange rate. The Company's policy is to adopt a prudent approach to management of this exposure by maintaining a rolling hedging programme, based mainly on the use of forward exchange contracts, with the objective of hedging forward, a minimum of 50% of forecasted US dollar income during the following 12 months and up to 50% of US dollar income projected to arise over the subsequent 12 months.

Significant movements in the US dollar over a sustained period would have a meaningful impact on the Company's results. The hedging policy may mitigate the impact of major volatility in exchange rates to which the Company has material exposures but it can not eliminate the long-term effect of a permanent movement in rates.

#### **Investment Income and Interest Rate Risk**

The Company's investment income primarily arises from its holdings of cash and investments including fiduciary funds.

The Company has interest bearing assets that give rise to exposures to fluctuations in interest rates, primarily in US dollars and sterling. Where appropriate, the Company uses interest rate swaps and forward rate agreements to hedge the future cash flows relating to interest income, increasing the proportion of fixed rate interest income.

## **JLT Reinsurance Brokers Limited**

(Company Number: 05523613)

### **Directors Report for the year ended 31 December 2013**

#### **Counter-party Credit Risk**

The Company manages its cash and investment balances in the form of deposits with prime banks, money market funds and other short-term money market instruments in accordance with an investment and counter-party policy agreed by the Board and, in respect of fiduciary funds, all relevant regulatory guidelines. Investment and banking counter-parties are subject to pre-approval at Company and JLT Group Board level. Approval criteria require financial institutions with a minimum rating of A. All exposures to individual counter-parties are subject to a limit to control undue concentrations of credit risk. Counter-party limits and utilisation levels are reviewed regularly and reported to the JLT Group Board and Audit & Risk committee.

#### **Market Risk**

The Company does not have a material exposure to equity securities price risk or commodity price risk.

#### **Suppliers**

The Company agrees payment terms with suppliers when it enters into contracts for the purchase of goods or services and seeks to abide by those terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Payment of suppliers has been centralised for all UK operating companies of Jardine Lloyd Thompson Group plc, and is carried out by JLT Management Services Limited and then recharged onto the Company by means of an inter-company recharge. The Group does not have a standard or code that deals specifically with the payment of suppliers.

#### **Donations**

During the year the Company made charitable donations totalling £10,000 (2012: £8,000).

No donations were made for political purposes. (2012: £nil)

#### **Employees**

It is the Company's policy to provide an environment in which individual talents can excel. Employee involvement is encouraged and there is wide staff participation in share ownership and share option schemes of the ultimate holding company, Jardine Lloyd Thompson Group plc. Employees are kept informed of the Company's performance and all matters affecting them as employees by means of regular briefings and consultation.

The Company is an equal opportunities employer and bases all decisions on individual ability regardless of race, religion, age or disability.

## **JLT Reinsurance Brokers Limited**

(Company Number: 05523613)

### **Directors Report for the year ended 31 December 2013**

Applications for employment by disabled people are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the Company's intention that opportunities for training, career development and promotion of disabled persons should, as far as possible, be identical with those for other employees.

#### **Directors**

The directors set out below held office during the year ended 31 December 2013 and up to the date of signing these financial statements:

A F Griffin

J P D'Arcy (Resigned on 10 June 2014)

A A Lockhart-Smith

B J A Maltese

G W Stuart-Clarke (Non-Executive)

H A Speare-Cole

J T Young (Non-Executive) (Appointed on 1 January 2013)

R C Howard - Chairman (Appointed on 27 November 2013)

A M Tjay Mazuri (Appointed on 20 September 2013)

M A Read - (Appointed on 16 April 2014)

KA Harrison (Appointed on 25 June 2014)

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

#### **Statement of directors' responsibilities**

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

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

## **JLT Reinsurance Brokers Limited**

(Company Number: 05523613)

### **Directors Report for the year ended 31 December 2013**

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

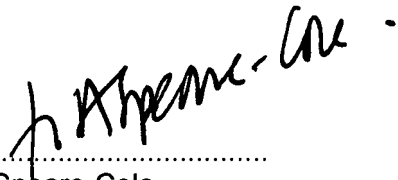
#### **Disclosure of information to the auditors**

So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 31 July 2014 and signed on its behalf by:



.....  
H A Speare-Cole  
Director



## **JLT Reinsurance Brokers Limited**

### **Independent Auditors' report to the members of JLT Reinsurance Brokers Limited for the year ended 31 December 2013**

#### **Our Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

#### **What we have audited**

The financial statements for the year ended 31 December 2013, which are prepared by JLT Reinsurance Brokers Limited, comprise:

- the Profit and Loss Account
- the Balance Sheet
- and the related notes

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **JLT Reinsurance Brokers Limited**

### **Independent Auditors' report to the members of JLT Reinsurance Brokers Limited for the year ended 31 December 2013**

#### **Opinion on matter prescribed by the Companies Act 2006**

In our opinion 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.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

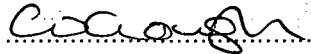
##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**JLT Reinsurance Brokers Limited**

**Independent Auditors' report to the members of JLT Reinsurance Brokers  
Limited for the year ended 31 December 2013**



Claire Clough (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

31 July 2014

**JLT Reinsurance Brokers Limited****Profit and loss account for the year ended 31 December 2013**

	Note	Year ended 31 December 2013 £000's	Year ended 31 December 2012 £000's
Turnover	3	48,736	46,111
Administrative expenses		(39,018)	(33,655)
Operating profit	4	9,718	12,456
(Loss) / result on disposal of fixed assets		(35)	-
Profit on ordinary activities before interest and taxation		9,683	12,456
Interest receivable and similar income	8	276	277
Interest payable and similar charges	9	(370)	(5)
Profit on ordinary activities before taxation		9,589	12,728
Tax on profit or loss on ordinary activities	10	282	(1,949)
Profit for the financial year		9,871	10,779

The activities of the Company relate entirely to continuing operations.

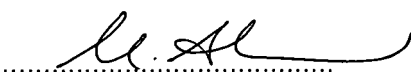
There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The Company has no recognised gains or losses for the year other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

**JLT Reinsurance Brokers Limited**  
**Balance sheet at 31 December 2013**

	Note	31 December 2013 £000's	31 December 2012 £000's
<b>Fixed assets</b>			
Intangible assets	12	1,216	1,348
Tangible assets	13	13	56
Investments	14	95,276	65
		<u>96,505</u>	<u>1,469</u>
<b>Current assets</b>			
Debtors	15	23,678	41,590
Cash at bank and in hand	16	75,315	71,991
		<u>98,993</u>	<u>113,581</u>
Creditors - amounts falling due within one year	18	(79,923)	(79,694)
Net current assets		<u>19,070</u>	<u>33,887</u>
Total assets less current liabilities		115,575	35,356
Creditors - amounts falling due after more than one year	19	(78,333)	-
Provisions for liabilities	20	(1,940)	-
Net assets		<u>35,302</u>	<u>35,356</u>
<b>Capital and reserves</b>			
Called up share capital	21	3,434	3,394
Share premium account	22	12,357	12,357
Profit and loss account	22	19,511	19,605
Total shareholders' funds		<u>35,302</u>	<u>35,356</u>

The financial statements on pages 11 to 33 were approved by the board of directors on 31 July 2014 and were signed on its behalf by:

  
M A Read

**JLT Reinsurance Brokers Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

**1 Accounting policies**

**a Basis of preparation**

The financial statements are prepared under the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom which have been consistently applied.

The company is included in the consolidated financial statements of Jardine Lloyd Thompson Group plc which are publically available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

A summary of the principal company accounting policies is set out below.

**b Turnover**

Turnover represents retained commissions and fees receivable.

Insurance broking

Income relating to insurance broking is brought into account at the later of the policy inception date or when the policy placement has been completed and confirmed. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated future obligation.

Other services

Fees and other income receivable are recognised in the year to which they relate or when they can be measured with reasonable certainty.

**c Intangible fixed assets**

Intangible fixed assets represent purchased goodwill and are stated at cost in the balance sheet and are amortised to the profit and loss account over a period of 20 years from the date of acquisition.

**d Tangible fixed assets**

Tangible fixed assets are stated at historic purchase costs less accumulated depreciation which is calculated to write off the cost of such assets less residual value on a straight line basis over their estimated useful economic lives. Long-term leasehold premises are depreciated over the period of the lease; furniture, equipment and vehicles at rates varying from 20 percent to 50 percent per annum.

**JLT Reinsurance Brokers Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

**e Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

**f Pension costs**

The Company operates both a defined benefit pension scheme and a defined contribution pension scheme.

Contributions payable in respect of the defined contribution scheme are charged to the profit and loss account as incurred.

The Company's defined benefit scheme is part of the JLT Group defined benefit scheme, which was closed to future accruals for existing members on 1 December 2006. Full disclosure of the scheme is given in the consolidated financial statements of Jardine Lloyd Thompson Group plc for the year ended 31 December 2013. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and as a result contributions payable in respect of the defined benefit pension scheme are charged to the profit and loss account as incurred. From 1 December 2006 members of the defined benefit scheme became eligible to join the defined contribution scheme.

**JLT Reinsurance Brokers Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

**g Share-based payments**

The Company operates a number of equity-settled, share-based compensation plans in the shares of the ultimate parent company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and revenue growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium in the issuing Group entity when the options are exercised.

**h Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken directly to the profit and loss account to the extent that the Company is exposed to exchange differences arising on such assets and liabilities. Exchange differences arising from trading activities are dealt with in the profit and loss account. Profits or losses arising from forward foreign exchange contracts that are taken out to hedge the currency exposure arising from future income are recognised in the profit and loss account as they are realised.

**i Fixed Asset Investments**

Investments are stated at the lower of cost and market value except where they are held as fixed assets, in which case they are stated at cost less any provision for permanent diminution in value.



**JLT Reinsurance Brokers Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

**j Impairment**

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs 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 flow (income-generating units).

Impairment losses are reversed when the recoverable amount subsequently increases due to a change in economic conditions or the expected value in use of the asset. The amount of any reversal recognised is restricted to increasing the carrying value of the asset to the carrying value that would have been recognised had the original impairment not incurred.

**k Insurance broking debtors and creditors**

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, 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 fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

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

**l Dividend distribution**

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date. Final dividends are recognised once formally approved by the board and interim dividends are charged once paid.

**2 Cash flow statement and related party disclosures**

The Company is a wholly owned subsidiary of Jardine Lloyd Thompson Group plc and is included in the consolidated financial statements of that group, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the JLT Group.

**JLT Reinsurance Brokers Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

**3 Turnover**

Turnover by location of client is split as follows:

	<b>Year ended 31 December 2013 £000's</b>	<b>Year ended 31 December 2012 £000's</b>
Europe	31,640	30,049
North America	8,840	8,578
South America	1,747	1,318
Rest of the World	6,509	6,166
	<u>48,736</u>	<u>46,111</u>

**4 Operating profit**

Operating profit is stated after charging:

	<b>Year ended 31 December 2013 £000's</b>	<b>Year ended 31 December 2012 £000's</b>
<b>Staff costs, including directors' remuneration:</b>		
Wages and salaries	17,820	18,190
Social security costs	2,473	2,282
Other pension costs	2,638	1,348
Equity settled share based payments	1,303	1,078
Other staff costs	567	827
Staff costs	<u>24,801</u>	<u>23,725</u>
 Net exchange loss relating to trading activities	 372	 623
Depreciation and amortisation of owned assets	6	66
Amortisation of goodwill	132	132

Additional pension costs charged to the Profit and Loss relate to the Company's share of the additional injection into the JLT Group defined benefit pension scheme.

**JLT Reinsurance Brokers Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

**5 Auditors' remuneration**

	Year ended 31 December 2013 £000's	Year ended 31 December 2012 £000's
Audit of the Company	41	50
Audit related assurance services	19	19
	<u>60</u>	<u>69</u>

**6 Directors' emoluments**

The directors' remuneration for the year was as follows:

	Year ended 31 December 2013 £000's	Year ended 31 December 2012 £000's
Aggregate emoluments excluding pension scheme contributions	3,869	2,746
Company contributions for money purchase pension schemes	78	71
	<u>3,947</u>	<u>2,817</u>

There were 4 directors (2012 - 3) for whom retirement benefits were accruing under money purchase pension schemes.

Mr G Stuart-Clarke received £45,520 during the period in respect of his services to the Company (2012: £45,520). Mr J Young was appointed on 1 January 2013 received £50,000 during the period in respect of his services to the Company.

**Highest paid director**

The total amount of emoluments (excluding shares) for the highest paid director is as follows:

**JLT Reinsurance Brokers Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

	<b>Year ended 31 December 2013 £000's</b>	<b>Year ended 31 December 2012 £000's</b>
Aggregate emoluments excluding pension scheme contributions	914	769
Company contributions to the defined contribution section of the pension scheme	16	14
	<u>930</u>	<u>783</u>

**7 Employee information**

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

	<b>Year ended 31 December 2013 Number</b>	<b>Year ended 31 December 2012 Number</b>
Broking and technical	163	152
Administration	-	6
	<u>163</u>	<u>158</u>

**8 Interest receivable and similar income**

	<b>Year ended 31 December 2013 £000's</b>	<b>Year ended 31 December 2012 £000's</b>
Interest receivable – Group	170	144
Interest receivable – Third party	106	133
	<u>276</u>	<u>277</u>

**JLT Reinsurance Brokers Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

**9 Interest payable and similar charges**

	Year ended 31 December 2013 £000's	Year ended 31 December 2012 £000's
Group interest and similar charges payable	368	3
Interest on other loans	2	2
	<u>370</u>	<u>5</u>

**10 Tax on profit on ordinary activities**

	Year ended 31 December 2013 £000's	Year ended 31 December 2012 £000's
<b>UK Corporation Tax</b>		
Current tax on income for the year	2,881	3,465
Adjustments to correct tax charge for prior year	(3,288)	(1,429)
	<u>(407)</u>	<u>2,036</u>
Deferred tax	(42)	(56)
Deferred tax prior year	167	(31)
Tax on profit on ordinary activities	<u>(282)</u>	<u>1,949</u>

**JLT Reinsurance Brokers Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

The UK Government has announced various measures in relation to UK corporation tax including a 1% reduction in the headline rate of corporation tax from April 2013, and reductions of 2% in 2014 and 1% in 2015. These reductions reduce the UK tax rate from 24% to 20%. As at 31 December 2013 the 1% rate reduction to 23% was already in force and the subsequent 2% rate and 1% rate reduction had been enacted. The impact of the 2% and the 1% reduction have therefore been incorporated into the income tax charge for the year ended 31 December 2013.

The standard rate of Corporation Tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 23.25%.

The tax charge for the period is lower (2012 - lower) than the standard rate of Corporation Tax in the UK of 23.25% (2012: 24.5%)  
The differences are explained below:

	Year ended 31 December 2013 £000's	Year ended 31 December 2012 £000's
Profit on ordinary activities before tax	9,589	12,728
UK Corporation Tax on profit on ordinary activities of 23.25% (2012: 24.5%)	2,229	3,118
Tax depreciation in excess of book depreciation	3	1
Permanent additions to taxable result (principally entertainment expenses)	740	263
Goodwill	9	10
Withholding tax	83	176
Adjustments to current tax charge for prior years	(3,288)	(1,429)
Increase in provisions not deductible in the period/decrease in provisions not deducted in prior periods	12	(22)
Permanent deductions from taxable result	(220)	(152)
Share based payments	24	71
Current tax (credit) / charge for the year	(408)	2,036

**JLT Reinsurance Brokers Limited**  
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**11 Dividends**

	Year ended 31 December 2013 £000's	Year ended 31 December 2012 £000's
Final dividend paid - £2.91 per £1.00 share (2012: £2.95)	<u>10,000</u>	<u>10,000</u>

**12 Intangible assets**

Acquired goodwill is stated as an intangible asset on the balance sheet and is amortised to the profit and loss account over a period of 20 years. Goodwill is reviewed to determine if any impairment to the carrying value of the goodwill exists, by reference to the estimated future cash flows of the business acquired.

	Purchased Goodwill £000's	Total £000's
<b>Cost</b>		
1 January 2013	<u>2,751</u>	<u>2,751</u>
31 December 2013	<u>2,751</u>	<u>2,751</u>
<b>Accumulated amortisation</b>		
1 January 2013	1,403	1,403
Charge for the year	<u>132</u>	<u>132</u>
31 December 2013	<u>1,535</u>	<u>1,535</u>
<b>Net book value</b>		
31 December 2013	<u>1,216</u>	<u>1,216</u>
31 December 2012	<u>1,348</u>	<u>1,348</u>

**JLT Reinsurance Brokers Limited**  
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**13 Tangible assets**

	<b>Furniture and Equipment £ 000</b>	<b>Leasehold Improvements £ 000</b>	<b>Office Equipment £ 000</b>	<b>Computer Equipment and Software £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>					
At 1 January 2013	33	214	5	16	268
Additions	-	-	-	3	3
Disposals	-	-	(5)	(9)	(14)
Write off / write back	(20)	(214)	-	-	(234)
At 31 December 2013	13	-	-	10	23
<b>Accumulated Depreciation</b>					
At 1 January 2013	14	185	4	9	212
Charge for the year	3	-	-	-	3
Eliminated on disposals	-	-	(4)	(4)	(8)
Write off / write back	(12)	(185)	-	-	(197)
At 31 December 2013	5	-	-	5	10
<b>Net book value</b>					
At 31 December 2013	8	-	-	5	13
At 31 December 2012	19	29	1	7	56



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**14 Fixed asset investments**

	<b>Shares in Subsidiary Undertakings £000's</b>	<b>Total £000's</b>
<b>Cost</b>		
1 January 2013	65	65
Additions	95,211	95,211
31 December 2013	95,276	95,276
<b>Provision</b>		
31 December 2013	-	-
<b>Net book value</b>		
31 December 2013	95,276	95,276
31 December 2012	65	65

On 6th November 2013, the Company acquired Towers Watson (Re) Insurance Brokers Limited (changed name to JLT Re Limited) and Towers Watson Capital Markets Limited (changed name to JLT Capital Markets Limited) as part of a wider acquisition of the Towers Watson reinsurance brokerage operations.

The directors believe that the carrying value of the investment in subsidiaries is not materially different from their perceived market value.

**Details of undertakings**

The principal companies in which the company's interest at the year end is more than 20% are as follows:

<b>Entity name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class of shares held</b>	<b>Percentage of shares held</b>
<b>Subsidiary undertakings</b>				
JLT Advisory Limited	England	Corporate finance services	Ordinary	100%
JLT Re Limited	England	Reinsurance Broker	Ordinary	100%
JLT Capital Markets Limited	England	Corporate finance services	Ordinary	100%

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The Company is exempt from the requirements to prepare group financial statements under section 400 of the Companies Act 2006, as the group is included in the consolidated financial statements of Jardine Lloyd Thompson Group plc, a company registered in England.

**15 Debtors**

	<b>31 December 2013 £000's</b>	<b>31 December 2012 £000's</b>
<b>Amounts falling due within one year</b>		
Trade debtors	12,885	12,931
Amounts owed by fellow group undertakings	7,182	23,712
Deferred tax	582	707
Other debtors	2,046	2,388
Prepayments and accrued income	983	1,852
	<u>23,678</u>	<u>41,590</u>

An effective interest rate of 2.04% (2012: 2.23%) has been charged on certain amounts owed by group undertakings averaging £567,000 (2012: £1,429,000). The remaining amounts are unsecured, interest free and repayable on demand.

**16 Cash at bank and in hand**

	<b>31 December 2013 £000's</b>	<b>31 December 2012 £000's</b>
Fiduciary	72,252	69,961
Own funds	3,063	2,030
	<u>75,315</u>	<u>71,991</u>

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**17 Provision for deferred tax**

	<b>31 December 2013 £000's</b>	<b>31 December 2012 £000's</b>
Excess book depreciation over tax depreciation	28	28
Provisions deductible in future periods	87	88
Goodwill	40	36
Share-based payments	427	555
Closing deferred tax asset	<u>582</u>	<u>707</u>
<b>Comprised of:</b>		
<b>Net deferred tax assets</b>	<u>582</u>	<u>707</u>
	<u>582</u>	<u>787</u>
		<b>£000's</b>
<b>Reconciliation of movement in deferred tax provision:</b>		
Provision at 1 January 2013		707
Profit & loss account charge		(125)
Provision at 31 December 2013		<u>582</u>

**18 Creditors - amounts falling due within one year**

	<b>31 December 2013 £000's</b>	<b>31 December 2012 £000's</b>
Insurance creditors	72,252	69,961
Amounts owed to group undertakings	151	720
Corporation tax	1,238	1,594
Other taxation and social security	1,111	1,052
Other creditors	2,603	3,935
Accruals and deferred income	2,568	2,432
	<u>79,923</u>	<u>79,694</u>

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An effective interest rate of 2.04% (2012: 2.23%) has been charged on certain amounts owed to group undertakings averaging £62,000 (2012: £121,000). The remaining amounts are unsecured, interest free and repayable on demand.

**19 Creditors - amounts falling due after more than one year**

	<b>31 December 2013 £000's</b>	<b>31 December 2012 £000's</b>
Other loans	<u>78,333</u>	<u>-</u>

**20 Provisions for liabilities**

	<b>Other provision £000's</b>	<b>Total £000's</b>
At 1 January 2013	-	-
Provided in the year	<u>1,940</u>	<u>1,940</u>
At 31 December 2013	<u>1,940</u>	<u>1,940</u>

The provision relates to deferred consideration on the acquisition of Towers Watson (Re) Insurance Limited and TW UK Capital Markets Limited.

**21 Called up share capital**

**Allotted and fully paid**

	<b>2013</b>		<b>2012</b>	
	<b>Number of shares</b>	<b>Nominal value £000's</b>	<b>Number of shares</b>	<b>Nominal value £000's</b>
Ordinary Shares of £1.00 each	<u>3,433,896</u>	<u>3,434</u>	<u>3,394,333</u>	<u>3,394</u>

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**New shares allotted**

During the year 39,563 Ordinary Shares having an aggregate nominal value of £39,563 were allotted for an aggregate consideration of £1,266,000.

**22 Reserves**

	<b>Share premium account £000's</b>	<b>Profit and loss account £000's</b>	<b>Total £000's</b>
At 1 January 2013	12,357	19,604	31,961
Profit for the financial year	-	9,871	9,871
Dividends paid	-	(10,000)	(10,000)
Reversal of amortisation in respect of share based payments	-	36	36
At 31 December 2013	<u>12,357</u>	<u>19,511</u>	<u>31,868</u>

**23 Reconciliation of movements in shareholders' funds**

	<b>31 December 2013 £000's</b>	<b>31 December 2012 £000's</b>
Profit for the financial year	9,871	10,779
Dividends	(10,000)	(10,000)
New share capital issued	40	-
Reversal of amortisation in respect of share based payments	36	50
Net (deduction)/addition to shareholders' funds	(53)	829
Opening shareholders' funds	<u>35,355</u>	<u>34,527</u>
Closing shareholders' funds	<u>35,302</u>	<u>35,356</u>

**JLT Reinsurance Brokers Limited**  
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**24 Commitments**

The company has put in place forward exchange contracts amounting to the sale of USD151,706,155 (2012: USD122,597,155) and Euro 1,532,650 (2012: Euro 538,650) at an average rate of US\$ 1.5427 and Euro 1.1376 respectively. Of the total, those sales maturing in the year ending 31 December 2013 are at an average rate of exchange no worse than US\$ 1.5404 and Euro 1.1376 respectively.

**25 Pensions**

Employees of the Company are members of a funded occupational pension scheme operated by Jardine Lloyd Thompson Group plc ("the Group"). The scheme is the Jardine Lloyd Thompson Pension Scheme ("the Scheme"), based in the UK, and one of a number of pension schemes operated by the Group. The Scheme has two sections; one providing defined benefits based primarily on Final Pensionable Salary and the other providing benefits on a defined contribution basis. The defined benefit section of the Scheme was closed to new Company employees from 1 January 2004 and to future accruals for all members from 1 December 2006. New Company employees have joined the defined contribution section since 1 January 2004 and defined benefit members were eligible to join this section from 1 December 2006. On 31 December 2011 a qualified actuary carried out actuarial calculations to derive the disclosed figures.

It is not possible to identify the Company's share of the underlying assets and liabilities of the defined benefit section of the Scheme on a consistent and reasonable basis, and so the Company has accounted for the Scheme as if it were entirely a defined contribution scheme.

The defined benefit pension scheme deficit is not separately valued at group level on an FRS 17 basis, and so the deficit, calculated in accordance with IAS 19, has been disclosed. As at 31 December 2013, the defined benefit section of the Scheme has a deficit of £125m (2012: £111m)

Further details of the Scheme and the disclosures required by FRS 17 appear in the financial statements of Jardine Lloyd Thompson Group plc.

The assets of the defined contribution section of the Scheme are held in a trustee administered fund separate from the Company.

Contributions to the defined contribution section of the Scheme are charged to the profit and loss account in the year for which the contributions are payable. The cost to the company for the year in relation to these contributions was £1,284,000 (2012: £798,000).

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**26 Equity-settled share-based payments**

The equity-settled share-based payments the Company participates in comprise the JLT Long Term Incentive Plan 2004, Senior Executive Share Scheme, Executive Share Option Scheme, and the Sharesave Scheme.

**JLT Long Term Incentive Plan (2004/2013)**

The Group operates the Long Term Incentive Plan (LTIP) for Executive Directors and persons discharging managerial responsibility (PDMR). The scheme has been renewed in 2013. Awards under the scheme are granted in the form of nil-priced options and are satisfied using market-purchased shares. The awards vest in full or in part depending on satisfaction of the performance conditions which are set out on page 40 of the remuneration report. The awards have a 3 year performance period and have a 10 year life from the date of grant.

For LTIPs awarded in 2009, 2010, 2011 and 2012 to Executive Directors, the performance conditions require growth in the Group's EPS over the single 3 year period from 2009 to 2011, 2010 to 2012, 2011 to 2013 and 2012 to 2015 respectively as follows:

Growth of EPS in excess of the RPI over 3 years at CRE	Proportion of awards vesting
RPI + less than 5% per annum	0%
RPI + 5% per annum	16.67%
Between RPI + 5% and 10% per annum	Pro rata between 16.67% and 100%
RPI + 10% per annum (or more)	100%

**Senior Executive Share Scheme**

The Group operates a Senior Executive Share Scheme for senior management and employees. Awards under the scheme are granted in the form of nil-priced options and are satisfied using market-purchased shares. The majority of awards have no specific performance criteria attached, other than the requirement that employees remain in employment with the group. Certain awards have been granted with specific performance targets defined for the individual executives. In general these require targets for revenue and profit growth to be met over the vesting period. The awards have a 10 year life from the date of grant.

**Executive Share Option Scheme**

Options were granted at a fixed price (usually market price) and are exercisable after the vesting period (usually 3 years). Options are satisfied by the issue of new shares. Some options carry performance conditions where they are only exercisable when earnings per share is in excess of RPI for the three consecutive financial accounting periods preceding the date of exercise. The awards have a 10 year life from the date of grant. This scheme is now closed for new grants and options were last granted under this scheme on 29th September 2006.

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**Sharesave Scheme**

The Sharesave scheme is open to all employees and are exercised after either 3 or 5 years from the date of grant. Options are satisfied by the issue of new shares. The price at which options are offered is not less than 80% of the market price on the date preceding the date of invitation. All Sharesave scheme options have no performance criteria attached, other than the requirement that the employee remains in employment with the group. All options must be exercised within 6 months of the vesting date.

**Fair Value of Awards**

Under FRS 20 the fair value of awards granted during the year, calculated using the Black-Scholes model, is shown in the following table:

	Exercise price	Performance	Black-Scholes model assumptions					Fair value of one award
			Share price on grant date	Volatility	Dividend yield	Maturity	Risk free interest rate	
			(p)	period	(p)	%	%	
JLT Long Term Incentive Plan 2004 / Senior Executive Share Scheme								
2013 28 March	-	2013-16	851.00	19.96	-	3	.70	851.00
2012 10 September	-	2013-16	877.50	20.04	-	3	.74	877.50

The option holders who have awards under the Senior Executive Share Scheme also receive discretionary payments equating to the dividends payable on their shares (subject, where applicable, to meeting the performance criteria). Under the Black-Scholes model if the dividend yield is assumed to be zero then the fair value will equal the share price at date of grant.

The volatility has been calculated based on the historical share price of the Company, using a 3 year term.

All options granted under the share option schemes are conditional upon the employees remaining in the JLT Group's employment during the vesting period of the option, the actual period varies according to the scheme in which the employee participates. In calculating the cost of options granted, a factor is included to take account of anticipated lapse rates. For Executive Share Option and Sharesave schemes this is 20%. For the JLT Long Term Incentive Plan 2004 and the Senior Executive Share Scheme it is nil as both are issued with no cost to the employee.

	Movement in number of options						Options outstanding at 31st Dec 2013 Number	Weighted average exercise price	Options exercisable at 31st Dec 2013 Number	Remaining contractual life Years
	Options outstanding at 1st Jan 2013 Number	Transferred internally Number	Granted Number	Lapsed Number	Exercised Number					
JLT Long Term Incentive Plan 2004	161,800	-	41,200	(98,800)	(63,000)		41,200	835.50	-	9.35
Senior Executive Share Scheme	502,499	(664)	167,599	(3,318)	(160,044)		506,072	852.37	11,155	8.27
Executive Share Option Scheme	11,266	234	-	-	(7,500)		4,000	791.93	4,000	2.74



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Sharesave Scheme	80,904	407	-	-	(42,504)	38,807	906.09	-	2.00
<b>Total</b>	<b>756,469</b>	<b>(23)</b>	<b>208,799</b>	<b>(102,118)</b>	<b>(273,048)</b>	<b>590,079</b>	<b>855.18</b>	<b>15,155</b>	<b>7.90</b>

	Movement in number of options					Options outstanding at 31st Dec 2012 Number	Weighted average exercise price	Options exercisable at 31st Dec 2012 Number	Remaining contractual life Years
	Options outstanding at 1st Jan 2012 Number	Transferred internally Number	Granted Number	Lapsed Number	Exercised Number				
JLT Long Term Incentive Plan 2004	182,100	-	48,700	-	(69,000)	161,800	767.40	-	8.14
Senior Executive Share Scheme	390,743	664	202,277	-	(91,185)	502,499	711.40	32,014	8.23
Executive Share Option Scheme	12,466	-	-	-	(1,200)	11,266	728.80	11,266	2.79
Sharesave Scheme	88,753	(2,633)	-	(2,078)	(3,138)	80,904	699.90	-	1.96
<b>Total</b>	<b>674,062</b>	<b>(1,969)</b>	<b>250,977</b>	<b>(2,078)</b>	<b>(164,523)</b>	<b>756,469</b>	<b>735.00</b>	<b>43,280</b>	<b>7.46</b>

**Options granted prior to 7th November 2002**

	Movement in number of options					Options outstanding at 31st Dec 2012 Number	Weighted average exercise price	Options exercisable at 31st Dec 2012 Number	Remaining contractual life Years
	Options outstanding at 1st Jan 2012 Number	Transferred internally Number	Granted Number	Lapsed Number	Exercised Number				
Senior Executive Share Scheme	-	-	-	-	-	-	-	-	-
Executive Share Option Scheme	17,176	-	-	-	(17,176)	-	743.50	-	-
<b>Total</b>	<b>17,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,176)</b>	<b>-</b>	<b>743.50</b>	<b>-</b>	<b>-</b>

The weighted average option costs for 2012 were as follows

Executive Share Option Scheme	612.17	n/a	n/a	n/a	613.20	n/a
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**Range of option prices of outstanding awards**

The outstanding awards at 31 December 2013 have the following option prices and weighted average remaining contractual life:

	Executive Share Option Scheme		Sharesave Scheme	
	Number	Years	Number	Years
£3.50-£4.00	4,000	2.74	-	-
£4.00-£4.50	-	-	38,807	2.00
	4,000	2.74	38,807	2.00

The LTIP and Senior Executive Share Scheme awards are nil priced and therefore have not been analysed above.

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**27 Parent undertakings**

The Company's immediate parent undertaking is JLT Insurance Group Holdings Limited, a company registered in England.

Jardine Lloyd Thompson Group plc is the ultimate parent undertaking and controlling party for which consolidated group financial statements are prepared and of which the Company is a member.

Copies of the group financial statements can be obtained from:

Name	Jardine Lloyd Thompson Group plc
Country of incorporation or registration	England
Address from where copies of the group financial statements can be obtained	The St Botolph Building, 138 Houndsditch, London, EC3A 7AW