

Company number: 02567540

Independent Trustee Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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Independent Trustee Services Limited

Company number: 02567540

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Independent Trustee Services Limited

Company number: 02567540

Company Information

Directors

- P A Askins
- R Croft
- H Kotecha
- C P V Martin
- C A Perry
- J Tinn
- D C J Visavadia
- R V Whitefoord
- J P Wood

Company secretary JLT Secretaries Limited

Registered office The St Botolph Building
138 Houndsditch
London
EC3A 7AW

Independent Auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Independent Trustee Services Limited

Company number: 02567540

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report of the Company for the year ended 31 December 2016.

Principal Activities

Independent Trustee Services Limited is a member of the Jardine Lloyd Thompson Group (JLT Group) of companies and forms part of the Employee Benefits Division of the Group.

The principal activity of the Company was to act as independent corporate trustee to pension funds.

Business Review

Turnover for the year of £5,163,497 (2015: £4,946,789) rose by 4.4% on 2015.

All staff of the Company are employed by the immediate parent of the Company, JLT Benefit Solutions Limited, and then recharged to the Company by means of a management charge. This charge amounted to £3,982,735 for the current year (2015: £3,763,967). The management recharge received therefore includes an element of direct staff attributable cost which amounted to £3,052,501 in the year (2015: £2,824,942).

Operating profit of £1,180,762 (2015: £1,070,906) produced an underlying trading margin of 22.9%, compared to 21.6% last year.

Profit before taxation amounts to £1,297,009 (2015: £1,257,916).

The results of the Company for the year ended 31 December 2016 are set out in the financial statements on pages 12 to 24.

Key Performance Indicators (KPIs)

The Company has selected year on year revenue increase/decrease, contribution and trading margin as key metrics for monitoring its performance.

Year on year revenue increase/decrease - defined as increase or decrease in turnover over the prior year as a percentage of prior year.

Contribution - defined as turnover less direct staff attributable costs recharged from immediate parent, JLT Benefit Solutions Limited.

Trading margin - defined as trading profit, being turnover less expenses for continuing operations (excluding exceptional items and impairment charges before interest payable and interest earnings on own funds), as a percentage of turnover.

	Unit	2016	2015
Year on year revenue increase/(decrease)	%	4.40	(1.70)
Contribution	£'000	2,111.00	2,121.85
Trading margin	%	22.90	21.70

Independent Trustee Services Limited

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Strategic Report for the Year Ended 31 December 2016 (continued)

Principal risks and uncertainties and financial risk management

On an on-going basis, management profiles the significant risks, both operational and strategic, faced by the Company and reviews the effectiveness of risk management controls including loss prevention and recovery planning. The principle risks identified are as follows:

Strategic and Operational Risks

Strategic Risks

Risks to the business model arising from changes in external events, pensions market and customer behaviour as well as risks arising from growth strategies.

Mitigation

- Board review of strategic risks
- Strategic review of planning process
- Due diligence and risk assessment processes

Loss of Key Staff

Risks arising from the inability to retain key staff within the core business operations.

Mitigation

- Succession planning processes
- Effective appraisal and development programmes
- Robust contracts of employment

Business Interruption

Risk of business arising from a major external event.

Mitigation

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

Loss of IT Environment

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

Mitigation

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

Information Security

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

Mitigation

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

Independent Trustee Services Limited

Company number: 02567540

Strategic Report for the Year Ended 31 December 2016 (continued)

Principal risks and uncertainties and financial risk management (continued)

Conduct of Business Risks

Errors & Omissions

Risks arising from non-compliance with operating procedures in place across the Company, or alleged negligence in provision of services/advice.

Mitigation

- Operating procedures and compliance policy
- Continuous training in errors & omissions avoidance
- Formal and regular process of compliance monitoring
- Strong procedural and systems controls including workflow management
- Insurance

Regulatory Sanctions/Financial Crime

Risks arising from non-compliance with or misinterpretation of local and international regulations and failure to meet regulatory standards.

Mitigation

- Regular and ongoing quality and compliance audits
- Operating procedures and compliance policy
- Continuous staff training programmes
- Central risk and compliance resources
- Insurance

Financial Risks

Capital Risk and Liquidity

Risks arising from an inability to maintain minimum regulatory capital and ensure access to sufficient working capital appropriate to the volume of trading.

Mitigation

- Regular updates to Board on current and projected regulatory capital base requirements
- Sensitivity / Stress testing of regulatory capital base
- Regular cash flow forecasting
- Regular impairment testing of loans receivable from fellow JLT Group subsidiaries
- Dividend planning
- Quarterly reviews of the Company balance sheet

Independent Trustee Services Limited

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Strategic Report for the Year Ended 31 December 2016 (continued)

Financial Risks

Counterparty Risk


Risk of loss of own cash, fiduciary funds, investments and deposits, derivative assets and trade receivables as a result of the failure of key counterparties

Mitigation

- Board approved investment and counterparty policy to limit the concentration of funds and exposure with any one party
- Active management and monitoring of counterparty limits, financial strength and credit profile of key counterparties
- Regular review by Board and Risk & Audit Committee of counterparty limits, ratings, utilisation and compliance with applicable regulation
- Formal and regular review of trading partners

The Company is not exposed to Pricing Risk.

Approved by the Board on 14 June 2017 and signed on its behalf by:


.....
C P V Martin
Director

Independent Trustee Services Limited

Company number: 02567540

Directors' Report for the Year Ended 31 December 2016

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2016.

Directors of the company

The directors of the Company set out below held office during the year ended 31 December 2016 and up to the date of signing these financial statements.

P A Askins

R C Boniface (resigned 30 June 2016)

H Kotecha

C P V Martin

C A Perry

J Tinn

M Trouard-Riolle (resigned 20 May 2016)

R V Whitefoord

The following directors were appointed after the year end:

R Croft (appointed 3 April 2017)

D C J Visavadia (appointed 3 April 2017)

J P Wood (appointed 3 April 2017)

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.

The Company maintains appropriate directors' and officers' liability insurance in respect of legal actions against its directors.

Financial risk management

The financial risk management of the Company has been disclosed as part of the Principal risks and uncertainties and financial risk management note within the Strategic Report of this documents.

Dividends

During the year a dividend payment of £7,000,000 (2015: £Nil) was made in respect of the financial year ended 31 December 2016.

Charitable donations

During the year the Company made no charitable donations (2015: nil).

Future developments

The business is well positioned to continue to achieve its financial goals. The business does however continue to face challenges in an ever changing pensions landscape in the UK and has detailed a strategic plan to ensure it is prepared to meet these challenges and take advantage of the opportunities they present.

Independent Trustee Services Limited

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Directors' Report for the Year Ended 31 December 2016 (continued)

Creditor payment policy

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.


Statement of disclosure of information to the auditors

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

Reappointment of auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and will therefore continue in office.

Approved by the Board on 14 June 2017 and signed on its behalf by:



.....
C P V Martin
Director

Independent Trustee Services Limited

Company number: 02567540

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Trustee Services Limited

Company number: 02567540

Independent Auditors' Report to the members of Independent Trustee Services Limited

Report on the financial statements

Our Opinion

In our opinion, Independent Trustee Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- Income Statement and Statement of Comprehensive Income for the year then ended; and
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Independent Trustee Services Limited

Company number: 02567540

Independent Auditors' Report to the members of Independent Trustee Services Limited (continued)

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 are not 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 (set out on page 7), 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's (APB'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.

Independent Trustee Services Limited

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Independent Auditors' Report to the members of Independent Trustee Services Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements for the year ended 31 December 2016 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



.....
Nick Wilks (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

14 June 2017

Independent Trustee Services Limited

Company number: 02567540

Income Statement for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	5,163,497	4,946,789
Administrative expenses	4	<u>(3,982,735)</u>	<u>(3,875,883)</u>
Operating profit	4	1,180,762	1,070,906
Interest receivable and similar income	5	116,247	266,830
Interest payable and similar expenses	6	<u>-</u>	<u>(79,820)</u>
Profit before taxation		1,297,009	1,257,916
Tax on profit	10	<u>(4,674)</u>	<u>105,633</u>
Profit for the financial year		<u><u>1,292,335</u></u>	<u><u>1,363,549</u></u>

The above results were derived from continuing operations.

The notes on pages 16 to 24 form an integral part of these financial statements.

Independent Trustee Services Limited

Company number: 02567540

Statement of Comprehensive Income for the Year Ended 31 December 2016

	2016 £	2015 £
Profit for the financial year	<u>1,292,335</u>	<u>1,363,549</u>
Total comprehensive income for the year	<u><u>1,292,335</u></u>	<u><u>1,363,549</u></u>


Independent Trustee Services Limited

Company number: 02567540

Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Current assets			
Debtors	11	6,213,431	12,056,577
Cash at bank and in hand		<u>216,800</u>	<u>76,645</u>
		6,430,231	12,133,222
Creditors: Amounts falling due within one year	12	<u>(259,402)</u>	<u>(254,728)</u>
Net assets		<u>6,170,829</u>	<u>11,878,494</u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account		<u>6,170,729</u>	<u>11,878,394</u>
Total shareholders' funds		<u>6,170,829</u>	<u>11,878,494</u>

The financial statements on pages 11 to 24 were approved by the Board on 14 June 2017 and signed on its behalf by:


.....
C P V Martin
Director

The notes on pages 16 to 24 form an integral part of these financial statements.

Independent Trustee Services Limited

Company number: 02567540

Statement of Changes in Equity for the Year Ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2016	100	11,878,394	11,878,494
Profit for the financial year	-	1,292,335	1,292,335
Total comprehensive income for the year	-	1,292,335	1,292,335
Dividends	-	(7,000,000)	(7,000,000)
At 31 December 2016	100	6,170,729	6,170,829

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2015	100	10,514,845	10,514,945
Profit for the financial year	-	1,363,549	1,363,549
Total comprehensive income for the year	-	1,363,549	1,363,549
At 31 December 2015	100	11,878,394	11,878,494

The notes on pages 16 to 24 form an integral part of these financial statements.
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Independent Trustee Services Limited

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Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital incorporated and domiciled in United Kingdom.

The address of its registered office is:

The St Botolph Building

138 Houndsditch

London

EC3A 7AW

England

These financial statements were authorised for issue by the Board on 13 June 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006, except for the following:

- the available-for-sale financial assets, financial assets and liabilities (including derivative financial instruments) are measured at fair value.

Summary of disclosure exemptions

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

Independent Trustee Services Limited

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Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

1. IFRS 7 "Financial Instruments disclosures" as the equivalent disclosures are included in the consolidated financial statements of the Group.
2. Paragraphs 91 to 99 of IFRS 13 "Fair value measurement" in respect of disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.
3. Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" in respect of the requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.
4. IAS 24 "Related party disclosures" in respect of the disclosure of related party transactions entered into between two or more members of a Group.
5. IAS 7 "Statement of cash flows" in respect of the preparation of a statement of cash flow.
6. The following paragraphs of IAS 1 "Presentation of financial statements":
 - i. Paragraph 79(a)(iv) of IAS 1 in respect of the disclosure of the number of shares outstanding at the beginning and at the end of the period
 - ii. Paragraph 10(d) in respect of the disclosure of Statement of cash flows
 - iii. Paragraph 10(f) in respect of the Balance Sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements
 - iv. Paragraph 16 in respect of the statement of compliance with all IFRS
 - v. Paragraph 38A in respect of the requirement for minimum of two primary statements, including cash flow statements
 - vi. Paragraph 40A-D in respect of the requirement for a third balance sheet when an accounting policy is applied retrospectively or makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements,
 - vii. Paragraph 111 in respect of cash flow information which provides users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows and
 - viii. Paragraph 134-136 in respect of capital management disclosures.
7. Paragraphs 134(d-f) and 135(c-e) of IAS 36 "Impairment of assets" in respect of assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts.

Turnover recognition

Income is Fees charged on a time-cost or fixed-fee basis and these are recognised in line with the work carried out by the Company.

Income and Deferred Tax

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Independent Trustee Services Limited

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Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is charged or credited to equity in respect of any item, which is itself either charged or credited directly to equity. Any subsequent recognition of the deferred gain or loss in the income statement is accompanied by the corresponding deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Financial assets

Classification

The Company classifies its financial assets as loans and receivables and available-for-sale assets. The classification depends upon the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are carried at amortised cost.

Offsetting financial instruments

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

Independent Trustee Services Limited

Company number: 02567540

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Financial liabilities

Classification

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method.

Dividend distribution

Dividends proposed or declared after the balance sheet dates are not recognised as a liability at the balance sheet date. Dividend distributions to the Company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Critical accounting estimates and judgments

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

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as available-for-sale) is based upon quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The fair value of acquired intangible assets is estimated based upon the present value of modelled related expected future cash flows.

Judgement may be applied in the determination of the growth rates, discount rates and the expected cash flows.

Independent Trustee Services Limited

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Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Impairment of assets

The Company tests annually whether assets that have indefinite useful lives suffered any impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

Errors and omissions liability

During the ordinary course of business the Company can be subject to claims for errors and omissions made in connection with its business activities.

A balance sheet provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated.

The Company analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability.

The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and are in excess of the presently established provisions. It is possible therefore that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

3 Turnover

All turnover and profit before taxation is derived from within the United Kingdom and is attributable to the principal activity of the Company, which is to act as independent corporate trustee to pension funds. The analysis of the company's revenue for the year from continuing operations is as follows:

	2016	2015
	£	£
Independent trustee to corporate pension schemes	<u>5,163,497</u>	<u>4,946,789</u>

Independent Trustee Services Limited

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Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

4 Operating profit

Arrived at after charging

	2016 £	2015 £
Management charges from other group companies	(3,974,235)	(3,763,967)
Other	-	(111,916)
	<u>(3,982,735)</u>	<u>(3,875,883)</u>

5 Interest receivable and similar income

	2016 £	2015 £
Interest receivable - Group	<u>116,247</u>	<u>266,830</u>

6 Interest payable and similar expenses

	2016 £	2015 £
Interest payable - Group	<u>-</u>	<u>79,820</u>

7 Staff costs

The Company did not employ any staff other than directors during the year (2015: no staff were employed other than directors). The remuneration paid to directors was paid through fellow group subsidiary, JLT Benefit Solutions Limited.

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	1,105,233	1,262,644
Contributions paid to money purchase schemes	<u>57,885</u>	<u>46,734</u>
	<u>1,163,118</u>	<u>1,309,378</u>

Independent Trustee Services Limited

Company number: 02567540

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

8 Directors' remuneration (continued)

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

	2016 No.	2015 No.
Received or were entitled to receive shares under long-term incentive schemes	2	2
Exercised share options	2	2
Accruing benefits under defined benefit pension scheme	1	2
Accruing benefits under money purchase pension scheme	<u>8</u>	<u>6</u>

All directors remuneration is paid by fellow Jardine Lloyd Thompson Group subsidiary, JLT Benefit Solutions Limited.

In respect of the highest paid director:

	2016 £	2015 £
Remuneration	310,535	211,729
Company contributions to money purchase pension schemes	12,966	10,735
Defined benefit accrued pension entitlement at the end of the year	<u>-</u>	<u>38,601</u>

During the year the highest paid director exercised share options and also received or was entitled to receive shares under a long-term incentive scheme.

9 Auditors' remuneration

	2016 £	2015 £
Audit of the Company	<u>8,500</u>	<u>8,500</u>

The Auditors' remuneration is paid, on behalf of the Company, by a fellow subsidiary, JLT Benefit Solutions Limited which is part of Jardine Lloyd Thompson Group plc.

Independent Trustee Services Limited

Company number: 02567540

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Tax on profit

	2016 £	2015 £
Current tax expense		
Current year	259,402	254,728
Adjustments in respect of prior periods	<u>(254,728)</u>	<u>(360,361)</u>
	<u>4,674</u>	<u>(105,633)</u>

In July 2015 the UK Government announced further measures in relation to the UK corporation tax rate, reducing the headline rate of corporation tax to 19% from April 2017 and then to 18% from April 2020. A further 1% reduction in the main rate of corporation tax rate to 17% from 1 April 2020 was announced in Budget 2016. As at 31 December 2016, the additional 1% rate reduction to 17% from April 2020 has been enacted. The impact of the rate reduction to 17% has been incorporated into the income tax charge for the year ended 31 December 2016, taking into consideration when timing differences are expected to reverse.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>1,297,009</u>	<u>1,257,916</u>
Tax calculated at UK Corporation Tax rate of 20% (2015: 20.25%)	259,402	254,728
Adjustments in respect of prior years	<u>(254,728)</u>	<u>(360,361)</u>
Total tax charge/(credit)	<u>4,674</u>	<u>(105,633)</u>

Independent Trustee Services Limited

Company number: 02567540

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

11 Debtors

	2016 £	2015 £
Trade receivables	1,046,517	890,023
Amounts owed by group undertakings	4,723,851	10,837,763
Accrued income	443,063	328,791
Total current trade and other receivables	<u>6,213,431</u>	<u>12,056,577</u>

An effective interest rate of 2.46% (2015: 1.74%) has been charged on amounts due from group undertakings. The remaining amounts are unsecured, interest free and repayable on demand.

12 Creditors: Amounts falling due within one year

	2016 £	2015 £
Income tax liability	<u>259,402</u>	<u>254,728</u>

13 Dividends

	2016 £	2015 £
Final dividend of £70,000 (2015 - £Nil) per ordinary share	7,000,000	-

14 Called up share capital

Allotted, called up and fully paid shares

	No.	2016 £	No.	2015 £
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

15 Parent and ultimate parent undertaking

The company's immediate parent is JLT Benefit Solutions Limited.

The ultimate parent and controlling party is Jardine Lloyd Thompson Group plc. These financial statements are available upon request from The St Botolph Building, 138 Houndsditch, London. EC3A 7AW.