

Company number: 02567540

# Independent Trustee Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



# **Independent Trustee Services Limited**

Company number: 02567540

## **Contents**

Company Information	1
Strategic Report	2 to 5
Directors' Report	6 to 7
Statement of Directors' Responsibilities	8
Independent Auditors' Report	9 to 11
Income Statement	12
Statement of Comprehensive Income	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 to 25

# **Independent Trustee Services Limited**

Company number: 02567540

## **Company Information**

**Directors**

- P A Askins
- R Croft
- H Kotecha
- C P V Martin
- D C J Visavadia
- P Wadsworth
- J P Wood
- H A Frisby

**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 2017

The directors present their Strategic Report of Independent Trustee Services Limited (the Company) for the year ended 31 December 2017.

#### Principal Activities

Independent Trustee Services Limited is a member of the Jardine Lloyd Thompson Group (The 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 £5,064,378 (2016: £5,163,497) fell by 1.9% on 2016.

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 £3,712,154 for the current year (2016: £3,982,735). The management recharge received therefore includes an element of direct staff attributable cost which amounted to £2,772,861 in the year (2016: £3,052,501).

Operating profit of £1,229,609 (2016: £1,180,762) produced an underlying trading margin of 24.3%, compared to 22.9% last year.

Profit before taxation amounts to £1,549,794 (2016:£1,297,009).

The results of the Company for the year ended 31 December 2017 are set out in the financial statements on pages 12 to 25.

#### 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	2017	2016
Year on year revenue increase/(decrease)	%	(1.90)	4.40
Contribution	£'000	2,291.52	2,111.00
Trading margin	%	24.30	22.90

## Independent Trustee Services Limited

Company number: 02567540

### Strategic Report for the Year Ended 31 December 2017 (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 2017 (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 sufficient working capital, appropriate to the volume of trading.

###### Mitigation

- 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

Company number: 02567540

### Strategic Report for the Year Ended 31 December 2017 (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 27 September 2018 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 2017**

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2017.

#### **Directors of the company**

The directors of the Company set out below held office during the year ended 31 December 2017 and up to the date of signing these financial statements.

P A Askins

R Croft (appointed 3 April 2017)

H Kotecha

C P V Martin

C A Perry (resigned 13 April 2018)

J Tinn (resigned 31 May 2018)

D C J Visavadia (appointed 3 April 2017)

R V Whitefoord - Chairman (resigned 1 May 2018)

J P Wood (appointed 3 April 2017)

The following directors were appointed after the year end:

P Wadsworth (appointed 1 May 2018)

H A Frisby (appointed 1 May 2018)

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 £Nil (2016: £7,000,000) was made in respect of the financial year ended 31 December 2017.

#### **Charitable donations**

During the year the Company made no charitable donations (2016: 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

Company number: 02567540

### Directors' Report for the Year Ended 31 December 2017 (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.

#### Important non adjusting events after the financial period

On 18 September 2018, the Boards of JLT Group Plc ("JLT") and Marsh & McLennan Companies Inc. ("MMC") announced that they had reached agreement on the terms of a recommended cash offer for the entire share capital of JLT by MMC, to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. Subject to shareholder and regulatory approval the transaction is expected to complete in Spring 2019.


#### 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 27 September 2018 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 audit of the financial statements**

##### **Opinion**

In our opinion, Independent Trustee Services Limited's financial statements:

- give a true and fair view of the state of company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2017; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **Independent Trustee Services Limited**

Company number: 02567540

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

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are, also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### *Auditors' responsibilities for the audit of the financial statements*

## Independent Trustee Services Limited

Company number: 02567540

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

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

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

#### *Use of this report*

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.

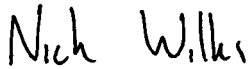
#### **Other required reporting.**

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



.....  
Nick Wilks (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

27 September 2018

## Independent Trustee Services Limited

Company number: 02567540

### Income Statement for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	5,064,378	5,163,497
Administrative expenses	4	<u>(3,834,769)</u>	<u>(3,982,735)</u>
Operating profit	4	1,229,609	1,180,762
Interest receivable and similar income	5	<u>320,185</u>	<u>116,247</u>
Profit before taxation		1,549,794	1,297,009
Tax on profit	9	<u>(38,880)</u>	<u>(4,674)</u>
Profit for the financial year		<u>1,510,914</u>	<u>1,292,335</u>

The above results were derived from continuing operations.

## Independent Trustee Services Limited

Company number: 02567540

### Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017 £	2016 £
Profit for the financial year	<u>1,510,914</u>	<u>1,292,335</u>
Total comprehensive income for the year	<u><u>1,510,914</u></u>	<u><u>1,292,335</u></u>

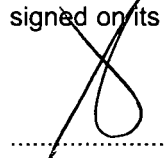
## Independent Trustee Services Limited

Company number: 02567540

### Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
<b>Current assets</b>			
Debtors	10	7,959,256	6,213,431
Cash at bank and in hand		<u>22,874</u>	<u>216,800</u>
		7,982,130	6,430,231
Creditors: Amounts falling due within one year	11	<u>(300,387)</u>	<u>(259,402)</u>
Net assets		<u><u>7,681,743</u></u>	<u><u>6,170,829</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account		<u>7,681,643</u>	<u>6,170,729</u>
Total shareholders' funds		<u><u>7,681,743</u></u>	<u><u>6,170,829</u></u>

The financial statements on pages 12 to 25 were approved by the Board on 27 September 2018 and signed on its behalf by:

  
.....  
C P V Martin  
Director



## Independent Trustee Services Limited

Company number: 02567540

### Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2017	100	6,170,729	6,170,829
Profit for the financial year	-	1,510,914	1,510,914
Total comprehensive income for the year	-	1,510,914	1,510,914
At 31 December 2017	100	7,681,643	7,681,743

	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

The notes on pages 16 to 25 form an integral part of these financial statements.  
Page 15

# **Independent Trustee Services Limited**

Company number: 02567540

## **Notes to the Financial Statements for the Year Ended 31 December 2017**

### **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 27 September 2018.

### **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.

## **Independent Trustee Services Limited**

Company number: 02567540

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **2 Accounting policies (continued)**

##### **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:

1. IFRS 7 "Financial Instruments disclosures" as the equivalent disclosures are included in the consolidated financial statements of the Group.

2. 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.

3. IAS 24 "Related party disclosures" in respect of the disclosure of related party transactions entered into between two or more members of a Group.

4. IAS 7 "Statement of cash flows" in respect of the preparation of a statement of cash flow.

5. 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

6. 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**

Company number: 02567540

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (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.

## **Independent Trustee Services Limited**

Company number: 02567540

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (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.

###### ***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.

**Independent Trustee Services Limited**

Company number: 02567540

**Notes to the Financial Statements for the Year Ended 31 December 2017  
(continued)**

**2 Accounting policies (continued)**

***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:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Independent trustee to corporate pension schemes	<u>5,064,378</u>	<u>5,163,497</u>

## Independent Trustee Services Limited

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 4 Operating profit

Arrived at after charging

	2017 £	2016 £
Management charges from other group companies	(3,712,154)	(3,974,235)
Other	<u>(122,615)</u>	<u>-</u>
	<u>(3,834,769)</u>	<u>(3,982,735)</u>

#### 5 Interest receivable and similar income

	2017 £	2016 £
Interest receivable - Group	<u>320,185</u>	<u>116,247</u>

#### 6 Staff costs

The Company did not employ any staff directly. The remuneration paid to directors was paid through fellow group subsidiary JLT Benefit Solutions Limited.

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	1,276,425	1,105,233
Contributions paid to money purchase schemes	<u>62,463</u>	<u>57,885</u>
	<u>1,338,888</u>	<u>1,163,118</u>

## Independent Trustee Services Limited

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 7 Directors' remuneration (continued)

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

	2017 No.	2016 No.
Received or were entitled to receive shares under long-term incentive schemes	-	2
Exercised share options	-	2
Accruing benefits under defined benefit pension scheme	1	1
Accruing benefits under money purchase pension scheme	<u>8</u>	<u>8</u>

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

In respect of the highest paid director:

	2017 £	2016 £
Remuneration	301,707	310,535
Company contributions to money purchase pension schemes	13,997	12,966

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.

#### 8 Auditors' remuneration

	2017 £	2016 £
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 2017 (continued)

#### 9 Tax on profit

	2017 £	2016 £
<b>Current tax expense</b>		
Current year	298,282	259,402
Adjustments in respect of prior periods	<u>(259,402)</u>	<u>(254,728)</u>
	<u>38,880</u>	<u>4,674</u>

The headline rate of UK corporation tax is currently 19%, this will reduce to 17% from 1 April 2020. As at 31 December 2017, the 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 2017, taking into consideration when temporary differences are expected to reverse.

The tax on the Company'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:

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>1,549,794</u>	<u>1,297,009</u>
Tax calculated at UK Corporation Tax rate of 19.25% (2016: 20%)	298,283	259,402
Adjustments in respect of prior years	<u>(259,402)</u>	<u>(254,728)</u>
Total tax charge	<u>38,881</u>	<u>4,674</u>

## Independent Trustee Services Limited

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 10 Debtors

	2017 £	2016 £
Trade receivables	1,187,859	1,046,517
Amounts owed by group undertakings	6,428,319	4,723,851
Accrued income	343,078	443,063
Total current trade and other receivables	<u>7,959,256</u>	<u>6,213,431</u>

An effective interest rate of 2.30% (2016: 2.46%) has been charged on amounts due from group undertakings. The remaining amounts are unsecured, interest free and repayable on demand.

#### 11 Creditors: Amounts falling due within one year

	2017 £	2016 £
Accrued expenses	2,105	-
Income tax liability	298,282	259,402
	<u>300,387</u>	<u>259,402</u>

#### 12 Dividends

	2017 £	2016 £
Final dividend of £NIL (2016 - £70,000.00) per ordinary share	<u>-</u>	<u>7000,000</u>

## Independent Trustee Services Limited

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 13 Called up share capital

##### Allotted, called up and fully paid shares

	No.	2017 £	No.	2016 £
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

#### 14 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.