


Company number: 02567540

# Independent Trustee Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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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 C Boniface  
H Kotecha  
C P V Martin  
C A Perry  
J Tinn  
M Trouard-Riolle  
R V Whitefoord

**Company secretary** JLT Secretaries Limited

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

**Principal Bankers** NatWest  
City of London Office  
1 Princess Street  
London

**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 2015

The directors present their strategic report of the Company for the year ended 31 December 2015.

#### Principal Activities

Independent Trustee Services Limited is a member of the Jardine Lloyd Thompson Group (JLT Group) of companies. The Company is part of the UK and Ireland Employee Benefits division which forms part of the International Employee Benefits operation 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 £4,946,789 (2014: £5,031,942) fell by 1.7% on 2014.

All staff of the Company are employed by the immediate parent of the Company, JLT Benefit Solutions Limited, and the recharged to the Company by means of a management charge. This charge amounted to £3,763,967 for the current year (2014: £3,563,346). The management recharge received therefore includes an element of direct staff attributable cost which amounted to £2,824,942 in the year (2014: £2,635,016).

Operating profit of £1,070,906 (2014: £1,468,561) produced an underlying trading margin of 21.7%, compared to 29.2% last year.

Profit on ordinary activities before taxation amounts to £1,257,916 (2014: £1,676,632).

The results of the Company for the year ended 31 December 2015 are set out in the financial statements on pages 11 to 23.

#### 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	2015	2014
Year on year revenue (decrease)/increase	%	(1.70)	4.70
Contribution	£'000	2,121.85	2,396.93
Trading margin	%	21.70	29.20

## **Independent Trustee Services Limited**

Company number: 02567540

### **Strategic Report for the Year Ended 31 December 2015 (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 2015 (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

- Common 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

#### *Financial Risks*

##### *Counterparty Risk*

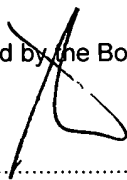
Risk of loss of own cash, fiduciary funds, investments and deposits, derivative assets and trade receivables as a result of the failure of key counterparties

##### 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 13 June 2016 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 2015**

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2015.

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

The directors of the Company who were in office during the year and up to the signing of the financial statements were as follows:

P A Askins

R C Boniface

H Kotecha

C P V Martin

M W Miles (resigned 31 December 2015)

C A Perry

J Tinn

M Trouard-Riolle

R V Whitefoord

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**

The directors recommend a final dividend payment of £Nil (2014: £Nil) be made in respect of the financial year ended 31 December 2015.

#### **Adoption of FRS101**

The Company has adopted Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) for the first time in these financial statements and the prior year comparatives have been restated to reflect this.

#### **Charitable donations**

During the year the Company made no charitable donations (2014: 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 2015 (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.

#### **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.

#### **Reappointment of 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 13 June 2016 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 2015 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 2015;
- 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 the information given in the Strategic Report and 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.

## **Independent Trustee Services Limited**

Company number: 02567540

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

#### **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.

##### **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 2014 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

**Independent Trustee Services Limited**

Company number: 02567540

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

*Nick Wilks*

.....  
Nick Wilks (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor

7 More London Riverside  
London  
SE1 2RT

13 June 2016

## Independent Trustee Services Limited

Company number: 02567540

### Income Statement for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	4,946,789	5,031,942
Administrative expenses	4	<u>(3,875,883)</u>	<u>(3,563,381)</u>
Operating profit		1,070,906	1,468,561
Interest receivable and similar income	5	266,830	310,872
Interest payable and similar charges	6	<u>(79,820)</u>	<u>(102,801)</u>
Profit on ordinary activities before taxation		1,257,916	1,676,632
Tax on profit on ordinary activities	10	<u>105,633</u>	<u>142,218</u>
Profit for the financial year		<u><u>1,363,549</u></u>	<u><u>1,818,850</u></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 2015

	Note	2015 £	2014 £
Profit for the financial year		<u>1,363,549</u>	<u>1,818,850</u>
Total comprehensive income for the year		<u><u>1,363,549</u></u>	<u><u>1,818,850</u></u>

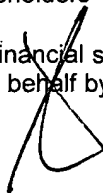
## Independent Trustee Services Limited

Company number: 02567540

### Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
<b>Current assets</b>			
Debtors	11	12,056,577	10,850,240
Cash at bank and in hand		<u>76,645</u>	<u>25,066</u>
		12,133,222	10,875,306
Creditors: Amounts falling due within one year	12	<u>(254,728)</u>	<u>(360,361)</u>
Net assets		<u>11,878,494</u>	<u>10,514,945</u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account		<u>11,878,394</u>	<u>10,514,845</u>
Shareholders' funds		<u>11,878,494</u>	<u>10,514,945</u>

The financial statements on pages 10 to 23 were approved by the Board on 13 June 2016 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 2015

	Called up share capital £	Profit and shareholders' 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
			<b>Total</b>
At 1 January 2014	100	8,695,995	8,696,095
Profit for the financial year	-	1,818,850	1,818,850
Total comprehensive income for the year	-	1,818,850	1,818,850
At 31 December 2014	100	10,514,845	10,514,945

The notes on pages 15 to 23 form an integral part of these financial statements.  
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## **Independent Trustee Services Limited**

Company number: 02567540

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **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 2016.

#### **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

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2015 (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

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2015 (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 2015 (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

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2015 (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:

	2015	2014
	£	£
Independent trustee to corporate pension schemes	<u>4,946,789</u>	<u>5,031,942</u>

## Independent Trustee Services Limited

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 4 Operating profit

Arrived at after charging

	2015 £	2014 £
Management charges from other group companies	(3,763,967)	(3,563,346)
Other	<u>(111,916)</u>	<u>(35)</u>
	<u>(3,875,883)</u>	<u>(3,563,381)</u>

#### 5 Interest receivable and similar income

	2015 £	2014 £
Interest receivable - Group	<u>266,830</u>	<u>310,872</u>

#### 6 Interest payable and similar charges

	2015 £	2014 £
Interest payable - Group	<u>79,820</u>	<u>102,801</u>

#### 7 Staff costs

The Company did not employ any staff other than directors during the year (2014: 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:

	2015 £	2014 £
Remuneration	1,262,644	1,194,695
Contributions paid to money purchase schemes	<u>46,734</u>	<u>47,140</u>
	<u>1,309,378</u>	<u>1,241,835</u>

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

## Independent Trustee Services Limited

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 8 Directors' remuneration (continued)

	2015 No.	2014 No.
Received or were entitled to receive shares under long term incentive schemes	2	3
Exercised share options	2	2
Accruing benefits under defined benefit pension scheme	2	2
Accruing benefits under money purchase pension scheme	<u>6</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:

	2015 £	2014 £
Remuneration	211,729	207,983
Company contributions to money purchase pension schemes	10,735	10,740
Defined benefit accrued pension entitlement at the end of the period	<u>38,601</u>	<u>39,656</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

	2015 £	2014 £
Audit of the Company	<u>8,500</u>	<u>8,602</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.

#### 10 Tax on profit on ordinary activities

	2015 £	2014 £
<b>Current tax expense</b>		
Current year	254,728	360,476
Adjustments in respect of prior periods	<u>(360,361)</u>	<u>(502,694)</u>
	<u>(105,633)</u>	<u>(142,218)</u>

## Independent Trustee Services Limited

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 10 Tax on profit on ordinary activities (continued)

The UK Government introduced a 1% reduction in the headline rate of corporation tax from April 2015. This reduction reduced the UK tax rate from 21% to 20%.

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. As at 31 December 2015, these further rate reductions have been enacted. The impact of these further rate reductions has therefore been incorporated into the income tax charge for the year ended 31st December 2015, taking into consideration when timing differences are expected to reverse.

The tax on profit on ordinary activities before taxation for the year is lower than the standard rate of corporation tax in the UK (2014: lower than the standard rate of corporation tax in the UK) of 20.25% (2014: 21.5%).

The differences are reconciled below:

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>1,257,916</u>	<u>1,676,632</u>
Tax calculated at UK Corporation Tax rate	254,728	360,476
Adjustments to prior years	<u>(360,361)</u>	<u>(502,694)</u>
Total tax credit	<u>(105,633)</u>	<u>(142,218)</u>



## Independent Trustee Services Limited

Company number: 02567540

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 11 Debtors

	2015 £	2014 £
Trade receivables	890,023	1,120,846
Receivables from related parties	10,837,763	9,393,166
Accrued income	328,791	336,228
Total current trade and other receivables	<u>12,056,577</u>	<u>10,850,240</u>

An effective interest rate of 1.74% (2014: 2.24%) 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

	2015 £	2014 £
Income tax liability	<u>254,728</u>	<u>360,361</u>

#### 13 Called up share capital

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

	No.	2015 £	No.	2014 £
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.

#### 15 Transition to FRS 101

The transition of the Company to Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101) has resulted in no adjustments being required.