
MMC INTERNATIONAL TREASURY CENTRE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

MMC INTERNATIONAL TREASURY CENTRE LIMITED

COMPANY INFORMATION

Directors	C W Godwin I R Hadley F G Jahnel S Saxby (appointed 27 March 2020)
Company secretary	E A Nicholls
Registered number	05897457
Registered office	1 Tower Place West Tower Place London EC3R 5BU

MMC INTERNATIONAL TREASURY CENTRE LIMITED

CONTENTS

	Page
Strategic Report	1 - 4
Directors' Report	5 - 6
Directors' Responsibilities Statement	7
Independent Auditor's Report	8 - 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13 - 14
Notes to the Financial Statements	15 - 27

MMC INTERNATIONAL TREASURY CENTRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

INTRODUCTION

The directors present their Strategic Report for MMC International Treasury Centre Limited ('the Company') for the year ended 31 December 2019. The Company's registration number is 05897457.

PRINCIPAL ACTIVITIES

MMC International Treasury Centre Limited provides certain treasury functions on behalf of Marsh & McLennan Companies, Inc.

The Company is the pool header of both the Sterling cash pool and the cross border, multi-currency cash pool into which the non-US based operations of Marsh & McLennan Companies, Inc. can participate. The Company also provides and receives loans to/from other Group companies on an arm's length basis.

As the Company finalised the audited financial statements the unprecedented Covid-19 crisis was evolving and bringing many challenges to the Company's working environment and the global economy. Further information on this non adjusting post balance sheet event can be found in note 18.

The Company's key performance indicators during the year were as follows:

	2019 \$m	2018 \$m	Movement \$m	Movement %
Turnover	120.9	106.6	14.3	13.4
Administration expenses	(3.4)	(2.5)	(0.9)	36.0
Interest payable and similar expenses	(66.9)	(63.5)	(3.4)	5.4
Profit before tax	50.6	40.6	10.0	24.6
Shareholders' funds	909.1	48.2	860.9	1,786.1

Following the acquisition of Jardine Lloyd Thomson Group plc (JLT) by MMC on 1 April 2019, there was and continues to be reorganisations in the Marsh & McLennan Companies Inc group to align the ownership of the JLT entities to facilitate business integrations. As part of these reorganisations, the Company formed three new subsidiaries, MMC Finance (Australia) Limited with Australian dollar functional currency, MMC Finance (Europe) Limited with Euro functional currency and MMC Finance (Singapore) Limited with a Singapore dollar functional currency, to manage foreign exchange exposures in relation to the financing that is needed to facilitate the reorganisations in those currencies.

In August 2019, the Company issued 1,000 ordinary shares of £1 each at a premium of \$865.1 million in exchange for an Australian dollar loan note due from another group company. The Company subsequently contributed the loan note to MMC Finance (Australia) Limited in exchange for 1,000 ordinary shares of A\$1 each equal to the fair market value of the loan note.

Shareholder's funds increased by \$860.9 million in the year (2018 - \$16.6 million decrease) as a result of profit for the year of \$40.8 million, shares issued at a premium \$865.1 million, less dividends paid of \$45 million.

Overall the profit before tax increased by \$10.0 million compared to 2018. Interest receivable from group undertakings increased by \$8.4 million mainly as a result of new loans issued during the year and interest receivable from cash and deposits increased by \$5.9 million. Interest payable and similar expenses increased by \$3.4 million, bank interest payable increased by \$7.7m offset by decrease in interest payable to group undertakings of \$4.2 million mainly as a result of loans repaid in the year.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Section 172 (1) of the Companies Act 2006 (the “Act”) Statement

This Statement is made pursuant to s. 414CZA of the Companies Act 2006.

The Company forms part of the Marsh & McLennan Companies, Inc. Group of Companies (the MMC Group), a global professional services provider, specialising in the areas of risk, strategy and people. It provides certain treasury functions on behalf of Marsh & McLennan Companies, Inc. and its activities are aligned to the strategy and risk management and control frameworks of the MMC Group.

The directors of the Company are committed to lead and direct the affairs of the Company in order to promote the long-term sustainable success of the Company, generating value for its shareholder and ensuring sound and prudent management of the firm.

The directors of the Company consider that, both individually and collectively, they have acted in a way, in good faith, that would most likely promote the success of the Company, for the benefit of its members (s. 172(1)), also having regard to the long-term consequences of any decisions taken (172(1)(a)). Distributions to the Company's shareholder are only considered after a full assessment of capital adequacy and the Company's ability to continue as a going concern into the foreseeable future to ensure investment in the future growth of the Company, balanced with stable and sustainable returns to the shareholder.

Sections 172(1)(b)-(e) do not apply to the Company in its capacity as a treasury company for the MMC Group, as it does not have employees, clients or suppliers.

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

MMC INTERNATIONAL TREASURY CENTRE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES

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

Availability of IT systems

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

Credit risk

The Company issues loans to various MMC group companies. Any significant losses in respect of these loans would threaten the ability of the Company to provide its services and in that circumstance its operations would be reliant on the financial strength of its ultimate parent company Marsh & McLennan Companies, Inc. The Company actively manages and monitors these loans in line with its parent company's policies.

Currency risk

The Company is exposed to currency risk in respect of interest receivable and payable as well as assets and liabilities denominated in currencies other than US dollars. The most significant currencies to which the Company is exposed are the Great British Pound, Euro and South African Rand. The Company seeks to mitigate the risk as far as possible by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

The Company has put in place forward contracts with banks to sell South African Rand at forward rates of exchange to the GBP to enable it to hedge its South African Rand currency exposure.

Emerging risk

Coronavirus: On March 11, 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. As this continues to spread through contagion, it is likely to further intensify the disruptive impact on the global and UK economy and could adversely impact the Company across a number of key financial and operational areas. The Company has taken a considered approach to minimising and managing the impact of the pandemic and has well formulated contingency plans, which continue to evolve as changes to circumstances occur.

Interest rate risk

The Company utilises pooled funds in the form of loans to other group companies and money market investments with banks. The primary interest rate risk refers to the relationship between rates earned on loans and investments versus the rates applied to pool participants cash balances. The risk is managed through the application of arm's length rates and margins to enable the Company to earn a reasonable margin on its operating activities in compliance with external transfer pricing rules. The directors of the Company actively monitor the Company's financial position via quarterly management information which includes a summary of interest rates earned and applied as well as the monetary income, expense and profit.

Liquidity/cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Company maintains regular contact with its inter-company creditors to ensure that any obligations that fall due can be met from existing cash resources or from alternative sources of inter-company financing.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISK AND UNCERTAINTIES (CONTINUED)

Outsourcing risk

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

Political risk

The Company is subject to local and international economic and political instability. The Company manages this risk through monitoring of the economic environment as part of its ongoing forecasting process.

Management has noted that the United Kingdom (UK) formally left the European Union ('EU') on 31 January 2020 and entered a "transition phase" which is expected to end on 31 December 2020. During this period, trade negotiations between the UK and EU are expected to take place but the final outcome of these negotiations is not yet known. As a result, the final impact of leaving the EU on the economy, regulation and political stability is highly uncertain.

The company has considered the key risks and impact to its business and operations following the end of the transition period and the content of any potential trade agreement and, based on a balance of worst case versus likely scenario assumptions, is taking steps to mitigate these. A Brexit Operations Group has been established to collate activities within and across individual lines of business and across all functional areas to ensure that the Company is Brexit ready and responsive to client needs in the UK to risks and uncertainty around standards of data protection and the storing and transfer of data between the UK and EU after Brexit on employees who are EU citizens, and the potential impact on the Companies suppliers.

Regulatory risk

The risk of non-compliance with rules set out by regulatory bodies could lead to financial penalties. The risk of breaches is mitigated by employing experienced and dedicated compliance resources who are tasked with ensuring compliance across all areas of the business.

This report was approved by the board on 16 October 2020 and signed on its behalf.



C W Godwin
Director

MMC INTERNATIONAL TREASURY CENTRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activities of the Company are set out in the Strategic Report on page 1. The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report on pages 1 to 3. This includes a review of the development of the business of the Company during the year and of likely future developments in its business. Details of the principal risks and uncertainties are included in the Strategic Report.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to \$40.8 million (2018 - \$33.4 million).

A dividend of \$45.0 million was paid in the year (2018 - \$50.0 million).

The directors do not recommend the payment of a final dividend (2018 - \$nil).

DIRECTORS

The directors who served during the year were:

C W Godwin
I R Hadley
F G Jahnel

FUTURE DEVELOPMENTS

The activities of the Company are expected to continue along similar lines for the foreseeable future.

GOING CONCERN

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

The Company has modelled a range of potential future financial outcomes and continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic. The company has secured a letter of support from its ultimate parent company to provide adequate liquid resources to settle its obligations for twelve months from the date of the approval of the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2 to the financial statements.

EMPLOYEES

All contracts of employment and the remuneration of employees are maintained by a fellow subsidiary Marsh Services Limited. Further details regarding employee involvement is given in the Directors' Report of Marsh Services Limited.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

MODERN SLAVERY ACT

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

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

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

POST BALANCE SHEET EVENTS

Covid-19

On March 11, 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. Developments in the first half of 2020 have created significant uncertainty about the impact on the global economy and has resulted in significant impacts to the financial markets and asset values around the world. The Company considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event (i.e. an event that is indicative of a condition that arose after the end of the reporting period). Based on the most recent interim management information, there has not been a significant impact of Covid-19 on the net assets of the Company, however, due to the evolving nature of this situation, the Company continues to monitor the impact of Covid-19 on results. It has been able to produce estimates through stress testing of different scenarios that provide a reasonable expectation that the Company has adequate resources to continue in operational existence.

AUDITOR

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on **16 October 2020** and signed on its behalf.



C W Godwin
Director

MMC INTERNATIONAL TREASURY CENTRE LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

In preparing these audited financial statements, the directors are required to:

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

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

MMC INTERNATIONAL TREASURY CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMC INTERNATIONAL TREASURY CENTRE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of MMC International Treasury Centre Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 19.

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

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMC INTERNATIONAL TREASURY CENTRE LIMITED (CONTINUED)

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

MMC INTERNATIONAL TREASURY CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMC INTERNATIONAL TREASURY
CENTRE LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



Adam Knight, FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London

United Kingdom

Date: 16th October 2020

MMC INTERNATIONAL TREASURY CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$m	2018 \$m
Turnover	4	120.9	106.6
Gross profit		<u>120.9</u>	<u>106.6</u>
Administrative expenses		(3.4)	(2.5)
Operating profit		<u>117.5</u>	<u>104.1</u>
Interest payable and similar expenses	8	(66.9)	(63.5)
Profit before tax	5	<u>50.6</u>	<u>40.6</u>
Tax on profit	9	(9.8)	(7.2)
Profit for the financial year		<u><u>40.8</u></u>	<u><u>33.4</u></u>
Total comprehensive income for the year		<u><u>40.8</u></u>	<u><u>33.4</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

All transactions derive from continuing operations.

The notes on pages 15 to 27 form part of these financial statements.

MMC INTERNATIONAL TREASURY CENTRE LIMITED
REGISTERED NUMBER: 05897457

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$m	2018 \$m
Fixed assets			
Investments	10	921.8	-
		921.8	-
Current assets			
Debtors: amounts falling due after more than one year	11	1,806.8	1,696.4
Debtors: amounts falling due within one year	11	1,770.3	1,306.9
Bank and cash balances	12	-	85.5
		3,577.1	3,088.8
Creditors: amounts falling due within one year	13	(3,589.8)	(3,040.6)
Net current (liabilities)/assets		(12.7)	48.2
Total assets less current liabilities		909.1	48.2
Net assets		909.1	48.2
Capital and reserves			
Share premium account	15	865.1	-
Profit and loss account	15	44.0	48.2
		909.1	48.2

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
16 October 2020



C W Godwin
Director

The notes on pages 15 to 27 form part of these financial statements.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

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

	Share premium account	Profit and loss account	Total equity
	\$m	\$m	\$m
At 1 January 2019	-	48.2	48.2
Comprehensive income for the year			
Profit for the year	-	40.8	40.8
Total comprehensive income for the year	-	40.8	40.8
Dividends: Equity capital	-	(45.0)	(45.0)
Shares issued during the year	865.1	-	865.1
Total transactions with owners	865.1	(45.0)	820.1
At 31 December 2019	865.1	44.0	909.1

The notes on pages 15 to 27 form part of these financial statements.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Profit and loss account	Total equity
	\$m	\$m
At 1 January 2018	64.8	64.8
Comprehensive income for the year		
Profit for the year	33.4	33.4
Total comprehensive income for the year	<u>33.4</u>	<u>33.4</u>
Dividends: Equity capital	(50.0)	(50.0)
Total transactions with owners	<u>(50.0)</u>	<u>(50.0)</u>
At 31 December 2018	<u>48.2</u>	<u>48.2</u>

The notes on pages 15 to 27 form part of these financial statements.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

MMC International Treasury Centre Limited is a company incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on the Company Information page. MMC International Treasury Centre Limited is a private company limited by shares. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 7.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

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

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

This information is included in the consolidated financial statements of Marsh & McLennan Companies, Inc. as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

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

2.3 TURNOVER

Turnover comprises inter company loan interest and interest from cash and deposits. Interest is recognised on an accruals basis using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.4 GOING CONCERN

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

The directors acknowledge the latest guidance note on going concern. The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic. The Company has modelled a range of potential future financial outcomes and continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic. The company has secured a letter of support from its ultimate parent company to provide adequate liquid resources to settle its obligations for twelve months from the date of the approval of the financial statements. Accordingly, the directors have considered the above and continue to adopt the going concern basis in preparing the annual report and financial statements.

2.5 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to tax balances are presented in the Statement of Comprehensive Income within 'tax on profit/loss'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'interest receivable and similar income' or 'interest payable and similar expenses'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.6 TAXATION

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.7 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

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

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.8 DEBTORS

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

2.9 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 CREDITORS

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

2.11 FINANCIAL INSTRUMENTS

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured,

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.11 FINANCIAL INSTRUMENTS (continued)

initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

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

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

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.12 DIVIDENDS

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

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

- the Company's working capital requirements to sustain its business plans,
- the Company's future capital investment needs, and
- the Company's excess financial resources.

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

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

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

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

Critical judgements in applying the Company's accounting policies

The directors have reviewed the critical judgements (apart from those involving estimations) in applying the Company's accounting policies and consider that there are no critical accounting judgements.

Key sources of estimation uncertainty

Management have considered key sources of estimation uncertainty. There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. TURNOVER

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

	2019	<i>2018</i>
	\$m	<i>\$m</i>
Interest receivable from group undertakings	97.2	<i>88.8</i>
Other interest receivable	23.7	<i>17.8</i>
	120.9	<i>106.6</i>

Analysis of turnover by country of destination:

	2019	<i>2018</i>
	\$m	<i>\$m</i>
United Kingdom	41.3	<i>28.9</i>
Rest of Europe	69.8	<i>73.7</i>
Rest of the world	9.8	<i>4.0</i>
	120.9	<i>106.6</i>

5. PROFIT BEFORE TAX

The profit before tax is stated after charging:

	2019	<i>2018</i>
	\$m	<i>\$m</i>
Foreign exchange losses	(0.8)	<i>(0.9)</i>

6. AUDITOR'S REMUNERATION

The audit fee and annual filing fees were borne by a fellow subsidiary undertaking during the year. The audit fee relates to the auditing of the financial statements. The audit fee attributable to the Company is \$75,000 (2018 - \$75,000).

The Company has not engaged its auditor for any non audit services.

7. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2018 - \$NIL).

MMC INTERNATIONAL TREASURY CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	<i>2018</i>
	\$m	<i>\$m</i>
Interest payable	58.3	50.6
Interest payable to group undertakings	7.8	12.0
Foreign exchange losses	0.8	0.9
	66.9	63.5
	66.9	63.5

9. TAX ON PROFIT

	2019	<i>2018</i>
	\$m	<i>\$m</i>
CORPORATION TAX		
Current tax on profits for the year	9.8	7.3
Adjustments in respect of previous periods	-	(0.2)
	9.8	7.1
Double taxation relief	(0.6)	(0.1)
	9.2	7.0
FOREIGN TAX		
Foreign tax on income for the year	0.6	0.2
	0.6	0.2
TOTAL CURRENT TAX	9.8	7.2
DEFERRED TAX		
TOTAL DEFERRED TAX	-	-
TAX ON PROFIT	9.8	7.2

MMC INTERNATIONAL TREASURY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. TAX ON PROFIT (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 \$m	2018 \$m
Profit before tax	50.6	40.6
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	9.6	7.7
EFFECTS OF:		
Adjustments to tax charge in respect of prior periods	-	(0.2)
Foreign tax	0.1	0.1
Other differences leading to an increase (decrease) in the tax charge	0.1	(0.4)
TOTAL TAX CHARGE FOR THE YEAR	9.8	7.2

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Following the Budget announcement on 11 March 2020 the UK Corporation Tax rate (from 1 April 2020) will be maintained at 19% and no longer reduced to 17% as previously legislated.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies \$m
COST OR VALUATION	
Additions	921.8
At 31 December 2019	921.8

Following the acquisition of JLT by MMC on 1 April 2019, there was and continues to be reorganisations in the Marsh & McLennan Companies Inc group to align the ownership of the JLT entities to facilitate business integrations. As part of these reorganisations, the Company formed three new subsidiaries, MMC Finance (Australia) Limited with Australian dollar functional currency, MMC Finance (Europe) Limited with Euro functional currency and MMC Finance (Singapore) Limited with a Singapore dollar functional currency, to manage foreign exchange exposures in relation to the financing that is needed to facilitate the reorganisations in those currencies.

In August 2019, the Company contributed a €26.2 million loan note to MMC Finance (Europe) Limited in exchange for 1,000 ordinary shares of €1 each equal to the fair market value of the loan note US\$29.2 million.

In August 2019, the Company contributed an Australian dollar loan note to MMC Finance (Australia) Limited in exchange for 1,000 ordinary shares of A\$1 each equal to the fair market value of the loan note US\$865.1 million.

In November 2019, the Company contributed a €8.9 million and €15.8 million loan note to MMC Finance (Europe) Limited in exchange for 2,000 ordinary shares of €1 each equal to the fair market value of the loan notes US\$27.5 million.

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

Name	Principal Activity	Country of Incorporation	Description of Shares	% of Issued shares held by the Company	Registered Office Address
MMC Finance (Australia) Limited	Group Treasury Company	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, EC3R 5BU
MMC Finance (Europe) Limited	Group Treasury Company	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, EC3R 5BU
MMC Finance (Singapore) Limited	Group Treasury Company	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, EC3R 5BU

MMC INTERNATIONAL TREASURY CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. DEBTORS

	2019	<i>2018</i>
	\$m	<i>\$m</i>
DUE AFTER MORE THAN ONE YEAR		
Amounts owed by group undertakings	1,806.8	<i>1,696.4</i>
	1,806.8	<i>1,696.4</i>
	2019	<i>2018</i>
	\$m	<i>\$m</i>
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	1,753.7	<i>1,306.5</i>
Amounts owed by group undertakings in respect of foreign exchange hedge contracts	2.1	<i>0.2</i>
Other debtors	-	<i>0.2</i>
Amounts recoverable from group undertakings in respect of taxation	14.5	<i>-</i>
	1,770.3	<i>1,306.9</i>

Amounts owed by group undertakings are unsecured, are charged at a rate of interest, have no fixed date of repayment and are repayable on demand.

The Company enters into forward currency contracts to mitigate the exchange rate risk for certain foreign currency balances. At 31 December 2019, the outstanding contracts all mature within 1 month (2018 - 1 month) of the year end. The Company is committed to sell ZAR 111.1 million and receive a fixed sterling amount (2018 - ZAR 122.7 million). The fair values are based on market values of equivalent instruments at the reporting date.

12. CASH AND CASH EQUIVALENTS

	2019	<i>2018</i>
	\$m	<i>\$m</i>
Cash at bank and in hand	-	<i>85.5</i>
Less: bank overdrafts	(3,088.2)	<i>(2,791.3)</i>
	(3,088.2)	<i>(2,705.8)</i>

MMC INTERNATIONAL TREASURY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. CREDITORS: Amounts falling due within one year

	2019 \$m	2018 \$m
Bank overdrafts	3,088.2	2,791.3
Amounts owed to group undertakings in respect of foreign exchange hedge contracts	-	1.9
Amounts owed to group undertakings	484.5	241.7
Amounts owed to group undertakings in respect of taxation	-	0.2
Corporation tax	16.8	5.4
Overseas tax	0.1	0.1
Other creditors	0.2	-
	<u>3,589.8</u>	<u>3,040.6</u>

The Company acts as the leader of the sterling and multi-currency cash pools. Each member of the pool guarantees against all losses incurred as a result of the failure of any other pool member or of the Company in respect of the Company's bank overdraft.

Amounts owed to Group undertakings are unsecured, are charged at a rate of interest, have no fixed date of repayment and are repayable on demand.

14. SHARE CAPITAL

	2019 \$m	2018 \$m
Authorised		
1,000,000 (2018 - 1,000,000) Ordinary shares of £1.00 each	<u>1.9</u>	<u>1.9</u>
Allotted, called up and fully paid		
11,000 (2018 - 10,000) Ordinary shares of £1.00 each	<u>-</u>	<u>-</u>

The share capital of the Company consists of fully paid ordinary shares with a par value of £1 per share.

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Company.

During the year, the Company issued 1,000 ordinary shares of £1 each, at a premium of \$865,116,256.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. RESERVES

Share premium account

The share premium account represents the premium on the issue of 1,000 ordinary shares of £1 each at a premium of \$865,116,256 during the current year.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

16. CONTINGENT LIABILITIES

The Company participates in cash pooling agreements with banks. Each member of the pool indemnifies against all losses incurred as a result of the failure of any other pool member, limited to any net cash balance held in the pool. As at 31 December 2019 the Company had a total overdrawn balance of \$3.1 billion (2018: \$2.7 billion overdrawn balance) and so had no exposure under the agreements at that time but could in the future have a liability if its funds in the pool became a positive cash balance. The other members of the pooling arrangements are companies fully owned by Marsh & McLennan Companies, Inc.

The Company has outstanding at the year end forward contracts to sell forward South African Rand to the British Pound. The resulting gain or loss on these transactions will not be known until they mature in 2020.

17. RELATED PARTY TRANSACTIONS

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

18. POST BALANCE SHEET EVENTS

Covid-19

On March 11, 2020, the World Health Organization declared the Coronavirus (Covid-19) a pandemic. Developments in the first half of 2020 have created significant uncertainty about the impact on the global economy and has resulted in significant impacts to the financial markets and asset values around the world. The Company considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event (i.e. an event that is indicative of a condition that arose after the end of the reporting period). Based on the most recent interim management information, there has not been a significant impact of Covid-19 on the net assets of the Company, however, due to the evolving nature of this situation, the Company continues to monitor the impact of Covid-19 on results. It has been able to produce estimates through stress testing of different scenarios that provide a reasonable expectation that the Company has adequate resources to continue in operational existence.

MMC INTERNATIONAL TREASURY CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. CONTROLLING PARTY

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

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

Companies House
Crown Way
Cardiff
CF14 3UZ

and also from:

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