Jardine Matheson Holdings Limited
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Press Release

www.jardines.com

To: Business Editor

1st March 2016

For immediate release

Jardine Lloyd Thompson Group plc
Preliminary Results for the Year Ended 31st December 2015 (Unaudited)

The following announcement was issued today by the Company's 42%-owned associate, Jardine Lloyd Thompson Group plc.

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Incorporated in Bermuda with limited liability

1 MARCH 2016

Jardine Lloyd Thompson Group plc

PRELIMINARY RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

Jardine Lloyd Thompson Group plc ("JLT" or "the Group") announces its preliminary results for the year ended 31 December 2015.

In 2015, the Group delivered a resilient financial performance that reflected the business's sustained overall momentum despite the challenging trading environment.

FINANCIAL HIGHLIGHTS

- Revenue growth of 5% to £1,155.1m
- Organic revenue growth of 2%
  - Strong 5% organic revenue growth in Risk & Insurance
  - Organic revenue declined by 6% in Employee Benefits due to specific challenges within UK & Ireland. International Employee Benefits organic revenue growth of 7%.
- Underlying profit before tax of £170.1m, down 7%, reflecting planned US investment*
  - Underlying profit before tax, excluding US investment*, up 3% to £190.6m
- Reported profit before tax down 3% to £155.0m
- Underlying profit margin down 160bp to 16.2%
  - Underlying profit margin, excluding US investment*, increased by 10bp to 18.4%
- Reported diluted EPS down 2% to 47.0p
- Total cash dividend of 30.6p up 6%, reflecting the Board's confidence in the Group's underlying trading performance

* Net investment in JLT USA in 2015 was £20.5m (2014: £2.7m)

OPERATIONAL AND STRATEGIC HIGHLIGHTS

- Established JLT Specialty as a true powerhouse following its successful merger with Lloyd & Partners. Delivered a 7% increase in revenues at constant rates of exchange and a 19% increase in trading profit
- Cemented JLT Re's status as one of the world's leading reinsurance brokers following successful integration of Towers Watson Re's US platform. Generated a 24% increase in trading profit
- Completed a successful first full year in the build-out of our US Specialty business, with nearly 180 people in 13 locations
- Achieved strong growth in our emerging markets businesses in Asia and Latin America. Together delivered 8% organic revenue growth

OUTLOOK

Dominic Burke, Group Chief Executive, commented:

"The Group faces a number of external headwinds as we go into 2016. However, our focus remains on those factors that we can control and on maintaining the revenue momentum and cost control established over the last ten years. We remain confident in our strategy, our platform and our continued ability to grow."

ENQUIRIES:

Jardine Lloyd Thompson Group plc

Dominic Burke	Chief Executive	020 7528 4948
Charles Rozes	Finance Director	020 7528 4375
Paul Dransfield	Corporate Communications	020 7528 4933

Brunswick Group LLP

Tom Burns/Dania Saidam		020 7404 5959

A presentation to investors and analysts will take place at 9.00am today at The St Botolph Building, 138 Houndsditch, London, EC3A 7AW. A live webcast of the presentation can be viewed on the Group's website www.jlt.com.

PRELIMINARY STATEMENT

JLT has delivered good results for 2015 that reflect the sustained overall momentum of the business. Total revenues increased by 5%, or 6% at constant rates of exchange, to £1.16 billion with overall organic revenue growth of 2%. This performance was delivered despite the weak insurance and reinsurance rating environment and the further deterioration in the macro-economic environment experienced over the year.

	Total Revenue				Trading Margin			Underlying Trading Profit		
£m	2015	Growth	CRE	Organic	2015	CRE	2014	2015	CRE	2014
Risk & Insurance										
Specialty Businesses	693.0	6%	8%	6%	19%	18%	20%	128.5	131.1	128.1
JLT Re	173.6	5%	2%	2%	19%	18%	16%	32.4	30.3	26.2
	866.6	**6%**	**7%**	**5%**	**19%**	**18%**	**19%**	**160.9**	**161.4**	**154.3**
Employee Benefits										
UK & Ireland	167.4	(9%)	(8%)	(14%)	8%	8%	20%	12.8	12.9	36.0
International EB	121.1	21%	23%	7%	25%	23%	29%	30.8	28.9	29.0
	288.5	**2%**	**3%**	**(6%)**	**15%**	**14%**	**23%**	**43.6**	**41.8**	**65.0**
Group*	**1,155.1**	**5%**	**6%**	**2%**	**16.2%**	**16.0%**	**17.8%**	**187.5**	**186.3**	**196.8**

Notes:

- Total revenue comprises fees, commissions and investment income.
- CRE: Constant rates of exchange are calculated by translating 2015 results at 2014 exchange rates.
- Organic growth is based on total revenue excluding the effect of currency, acquisitions, disposals and investment income.
- Underlying results exclude exceptional items.

* Trading profit figures include central costs.

Our Risk & Insurance businesses, which represent approximately 75% of the Group's revenue, grew revenues to £866.6 million, an increase of 6%, with market-leading organic revenue growth of 5%. This is in line with previous years and demonstrates the resilience of our strategy and our franchise. Both our Specialty and Reinsurance businesses achieved solid 19% trading margins.

Revenues within our Employee Benefits businesses increased by 2% overall, but reduced by 6% on an organic basis. As previously indicated in our Q3 2015 Interim Management Statement, this result reflected a reduction in the revenues of our UK & Ireland Employee Benefits business, which fell by 9% as a result of the specific challenges it faced in the year.

Our International Employee Benefits businesses achieved 21% revenue growth, or 7% on an organic basis, after another good year.

£m	2015	2014
Underlying trading profit	**187.5**	196.8
Underlying share of associates	5.5	7.7
Net finance costs	(22.9)	(21.5)
Underlying profit before taxation	**170.1**	183.0
Exceptional items	(15.1)	(23.3)
Profit before taxation	**155.0**	159.7
Underlying tax expense	(47.5)	(47.2)
Tax on exceptional items	5.9	5.1
Non-controlling interests	(10.3)	(12.3)
Profit after taxation and non-controlling interests	**103.1**	105.3
Underlying profit after taxation and non-controlling interests	**112.3**	123.5
Diluted earnings per share	**47.0p**	47.8p
Underlying diluted earnings per share	**51.2p**	56.1p
Total dividend per share	**30.6p**	28.9p

As anticipated, the Group's underlying trading profit decreased by 5% to £187.5 million, with underlying profit before tax reducing by 7% to £170.1 million. As a result, the trading profit margin reduced from 17.8% to 16.2%.

This reduction in the Group's trading profit reflects both our investment in building out our US Specialty business and the specific challenges faced by our UK & Ireland Employee Benefits business.

Excluding the US net investment of £20.5 million, the Group's underlying profit before tax increased by 3% and the Group's trading profit margin increased by 10bp to 18.4% when compared to 2014.

This reflects the strong performances delivered by our Risk & Insurance businesses and the continued success of our International Employee Benefits businesses, as well as good cost control in the year.

Our reported profit before tax reduced by 3% to £155.0 million, which includes the impact of net exceptional costs of £15.1 million and, as a consequence, reported diluted earnings per share decreased to 47.0p.

DIVIDENDS

Subject to shareholder approval, the final dividend will be increased to 19.5p per share for the year ended 31 December 2015 (2014: 18.3p) and will be paid on 3 May 2016 to shareholders on the register at 1 April 2016. This brings the total dividend for the year to 30.6p per share, compared to 28.9p for the prior year, an increase of 6%.

OPERATIONAL REVIEW

The Group operates two sets of businesses: Risk & Insurance and Employee Benefits. The results of the businesses within each of these areas are reported in more detail below:

RISK & INSURANCE

	Total Revenue				Trading Margin			Underlying Trading Profit		
£m	2015	Growth	CRE	Organic	2015	CRE	2014	2015	CRE	2014
JLT Specialty	311.2	7%	7%	4%	22%	22%	20%	68.3	67.0	57.2
JLT Re	173.6	5%	2%	2%	19%	18%	16%	32.4	30.3	26.2
JLT Australia & New Zealand	109.5	(4%)	6%	6%	30%	30%	28%	32.7	36.3	32.3
JLT Asia	76.6	7%	3%	3%	17%	15%	16%	12.7	11.2	11.3
JLT Latin America	63.1	4%	16%	16%	34%	31%	32%	21.3	21.6	19.3
JLT Insurance Services	50.6	(6%)	(6%)	(6%)	12%	12%	15%	6.0	6.1	7.9
JLT Europe, Middle East & Africa	30.1	15%	22%	19%	20%	20%	13%	6.0	6.3	3.5
JLT USA	23.3	106%	92%	41%	-	-	-	(20.5)	(19.1)	(2.7)
JLT Canada	20.4	(1%)	6%	8%	7%	6%	(6%)	1.5	1.3	(1.1)
JLT Insurance Management	8.2	11%	4%	4%	6%	6%	5%	0.5	0.4	0.4
	866.6	**6%**	**7%**	**5%**	**19%**	**18%**	**19%**	**160.9**	**161.4**	**154.3**

JLT SPECIALTY

JLT Specialty generated revenues of £311.2 million in the year, showing revenue growth of 7%, or 4% on an organic basis. Trading profit increased by 19% to £68.3 million, with the trading margin increasing 200 basis points to 22%.

This was a strong result given the continued fall in insurance pricing, achieved in challenging market conditions, demonstrating the strategic and operational logic of the merger between JLT Specialty and Lloyd & Partners. We believe that the combined business is now a Specialty powerhouse with growing momentum, as evidenced by a significant number of client wins during the year.

Particularly notable has been the performance of our Aviation, Credit, Political & Security and Financial Lines teams, which have been able to translate their specialist knowledge into a stream of important client wins.

JLT Specialty now has new leadership in place following the planned succession of Paul Knowles to the role of CEO with Lucy Clarke as his Deputy. This new team is continuing to drive collaboration with JLT's other Specialty businesses around the world, in particular our developing US platform, strengthening our global proposition.

During 2016, we will be taking the opportunity to merge our Thistle UK operation into JLT Specialty. This reflects UK Thistle's drive into Specialty segments and will improve the client offering, simplify the Group's structure and generate greater efficiencies.

JLT Specialty's revenue growth prospects are set to continue in 2016, supported by the further investments we are making in Specialty areas such as Marine, Financial Lines, Cyber and General Aviation and our proven ability to consistently win market share.

INTERNATIONAL SPECIALTY BUSINESSES

In our **JLT Australia & New Zealand** business, organic revenue grew 6%, but reported revenues reduced by 4%, when compared with the previous year, as a consequence of the movement of the Australian Dollar versus Sterling.

At constant rates of exchange, the trading profit increased by 13%, but, again, this was impacted on a reported basis.

The business secured a significant number of client wins in the year, including both one of the largest construction companies and one of the largest oil and gas companies in the region. Its progress reflects the success of its strategy of establishing itself as a Specialty player.

This momentum has allowed the business to continue to invest in strengthening its team in its key Specialty areas. Today this business operates from more than 30 locations and has more than 850 employees.

JLT Asia has delivered an encouraging performance, despite a difficult macro-economic environment caused by the slowdown in China and falling commodity prices.

Revenues grew by 7% to £76.6 million, with organic revenue growth of 3%. Trading profits grew by 12% on a reported basis, but were flat on a constant rate of exchange basis.

Good progress was seen in our Hong Kong, Philippines and Vietnamese businesses in particular, while our Financial Lines and Credit & Political Risks businesses also had a good year.

Under the new leadership of Dominic Samengo-Turner as CEO and Warren Downey as his Deputy, we are encouraged by the prospects for this business in 2016.

Our **JLT Latin America** businesses delivered strong results, with revenues increasing 16% on an organic basis.

Our trading profits increased by 10% to £21.3 million, with the business successfully collaborating with our other offices around the world. We are winning significant new business in Energy, Surety, Cargo, Power and large industrial Property and Casualty.

Set against its domestic macro-economic backdrop, our Brazilian business, in particular, delivered a good performance.

JLT USA generated revenues of nearly USD36 million, which equates to £23.3 million, in its first full year of operation. This demonstrates an acceleration from the USD11 million delivered at the half year and the growing revenue momentum of this business. The business also secured a number of important client wins during the year which were not booked in 2015, but that will benefit 2016.

As anticipated in our Q3 2015 Interim Management Statement, the net investment spend in the period of USD31.4 million (£20.5 million) was lower than had been previously advised.

While total revenues were short of our initial expectations, this was largely due to the business taking a more prudent and selective approach to hiring, given the volume of approaches we have received. This is important as we are seeking to grow the franchise by identifying the very best people.

We remain focused on driving growth, with our investment in the US a key element of our strategy to position the Group as the world's leading Specialty-focused broker and to increase our penetration of the US market, which continues to be the world's largest insurance market.

While our business is still in the early stages of its development, we are delighted with its momentum and progress after just one year.

The business now employs around 180 people and this will rise steadily over the course of this year.

Our US Specialty business has now established offices in 13 cities, supported by a robust operational and infrastructure backbone, giving us the foundations upon which to target those regions where we see a concentration of client demand and economic activity in our chosen Specialty sectors.

It has also built real strength and depth in its key Specialty lines – Aviation, Cyber, Energy and Financial Lines – and established strong platforms in areas such as Credit, Political & Security, Entertainment, Representations & Warranties, Real Estate and Construction, with further investment to come this year.

The US Specialty build-out is on track and, in 2016, we anticipate that revenues will approximately double and the net investment spend will be similar compared with 2015.

JLT RE

JLT Re delivered a strong performance in 2015, with revenues increasing by 5% to nearly £174 million and organic revenue growth of 2%.

Trading profits increased by 24% to £32.4 million. This is reflected in an improved trading margin of 19%, with the business completing the successful integration of the Towers Watson Re US platform, as well as driving further operational efficiencies.

Particularly noteworthy in 2015 has been the growth delivered in Asia as our capabilities and reputation in the region have grown.

This performance was pleasing when set against the continued decline in the reinsurance rating environment during the period. It is worth noting that, since acquiring the Towers Watson Re business just over two years ago, we have seen property catastrophe rates fall by over 30%.

The appointment of Ed Hochberg as the CEO of our North American reinsurance business has been well received by our clients, markets and our colleagues. This business is well positioned for growth, building on its already strong US Regional, Public Sector and Natural Catastrophe practices, as well as targeting other areas such as Transportation and Workers Compensation.

We have continued to invest in talent, selectively hiring in key growth areas, as well as in analytics, where we are complementing our existing offering with new tools and capabilities that further increase our ability to serve insurers and reinsurers on their largest and most complex risks.

As we enter 2016, there are signs that demand for reinsurance is increasing. We have seen significant reserve strengthening on long-tail lines of business for a number of large carriers, and a recognition that, at current pricing, reinsurance is an extremely efficient form of capital. The business has had a good 1 January renewal season and remains well positioned for future growth.

EMPLOYEE BENEFITS

	Total Revenue				Trading Margin			Underlying Trading Profit		
£m	2015	Growth	CRE	Organic	2015	CRE	2014	2015	CRE	2014
UK & Ireland	167.4	(9%)	(8%)	(14%)	8%	8%	20%	12.8	12.9	36.0
Asia	78.9	14%	7%	5%	31%	29%	34%	24.5	21.4	23.4
Australia & New Zealand	20.3	164%	193%	18%	16%	16%	26%	3.3	3.7	2.0
Latin America	18.9	(6%)	15%	12%	19%	19%	21%	3.5	4.4	4.2
Europe, Middle East & Africa	1.7	6%	16%	16%	(17%)	(17%)	(15%)	(0.3)	(0.3)	(0.2)
Canada	1.3	(22%)	(16%)	(15%)	(17%)	(17%)	(21%)	(0.2)	(0.3)	(0.4)
	288.5	**2%**	**3%**	**(6%)**	**15%**	**14%**	**23%**	**43.6**	**41.8**	**65.0**

UK & IRELAND EMPLOYEE BENEFITS

Reported revenues in our UK and Irish business for the period were £167.4 million, a reduction of 9% when compared to the previous year. Trading profits were £12.8 million, with the trading margin falling from 20% to 8% for the year.

This disappointing performance reflects the challenges that we highlighted at the time of our 2015 interim results and in our Q3 Interim Management Statement.

Firstly, a significant slowdown in project work and new business due to the uncertainty created by government-led changes to the UK occupational pensions market.

Secondly, the structural impact of the Retail Distribution Review on our commission revenue, where we saw insurers opportunistically choosing to end commission payments in advance of the expected deadline of 2016. We booked our last tranche of commissions-related revenues in 2015. This amounted to £5 million, which will not be repeated in 2016.

Given the above, we gave guidance in November 2015 that we anticipated that full year revenues in the UK Employee Benefits business would reduce by a mid to high single digit percentage, when compared to 2014, and that trading profit would be in the low to mid-teens, and this has indeed been the outcome for the year.

Despite the challenges of 2015, our UK Employee Benefits business has a strong offering and an attractive range of capabilities in a market that continues to need and value our services. We are taking steps to improve this business's profitability and return it to year-on-year revenue growth.

The business has been under the new leadership of Bala Viswanathan since early October 2015. We are now implementing plans to reorganise the business with a flatter structure that is better able to respond to today's dynamic marketplace, while continuing to invest in technology and the client proposition.

This restructuring will result in a reduction in headcount as certain layers within the business are removed. It is anticipated that this will deliver ongoing annualised savings in the range of £14 million, for a one-off cost of £12 million. We would expect savings in 2016 to be in the region of £9 million of the estimated annual savings.

Our UK Employee Benefits operation is a well-balanced business, made up of four complementary components, each of which has a strong position in its market. The business is characterised by a mixture of recurring revenues backed by long-term contracts, as well as opportunities to benefit from industry changes and technology developments.

As the UK's largest provider of **administration solutions** to private sector pension schemes, JLT is well positioned to secure new business as companies' Defined Benefit schemes are run off and to benefit from the growth of Defined Contribution arrangements. We also see further significant benefits from the application of technology and automation in this area.

As a market leader in **pension and benefits consulting**, ongoing economic and regulatory changes will stimulate demand from employers and from trustees as the current market confusion abates.

Our **software operations** provide and service one of the most widely-used pension administration platforms in the UK, while BenPal enables companies to manage the full range of employees' benefits on a single application.

Finally, we have a growing **investment management** business, which already has some £5.3 billion under advice.

The components that constitute our UK Employee Benefits business are, therefore, strongly positioned and our new management team is now firmly established and focused on exploiting the market opportunities this business faces and delivering a significant improvement in its profitability. Given this, we believe that this business will grow over the coming years and move to an approximate 15% trading margin by the end of 2017.

INTERNATIONAL EMPLOYEE BENEFITS

Our **Asia Employee Benefits** operations achieved organic revenue growth of 5%, despite headwinds in Indonesia, notably from the introduction of a mandatory state-sponsored healthcare scheme, and some impact from the restructuring of our operation in Singapore. Private Client Services, our high-net-worth life insurance broking business, had a solid year despite the slowdown in the Chinese economy. Demand for healthcare insurance and consultancy is still strong in Asia, with supporting demographics to suggest this will continue.

Our **Australian & New Zealand Employee Benefits** businesses are also progressing well, with organic revenue growth of 18%. This was supported by the successful execution of our strategy to focus on the return-to-work sector, with our acquisitions of Recovre and Alpha now making us one of the largest providers of rehabilitation services in the region. The integration of these businesses has gone well and we see further opportunity to expand in this area as clients seek an integrated occupational health and return-to-work service. As expected, the trading profit margin has reduced for the combined Australian & New Zealand Employee Benefits business as Recovre and Alpha are, intrinsically, lower profit margin businesses.

In our **Latin America Employee Benefits** businesses, organic revenues grew by 12%. This reflects the investments we have made across the region in building our capabilities and expanding our offering. This has included opening a number of new offices in Brazil to target larger regional clients, working in close collaboration with Risk & Insurance colleagues.

ASSOCIATES

The Group's income from its Associates reduced by £2.2 million to £5.5 million following the disposal of our stake in Siaci Saint Honoré (Siaci) in May 2015. The disposal in May 2015 meant that we had the benefit of four months of income, approximately £4 million, that will not recur in 2016. As a result, we believe that Associate earnings in 2016 will be approximately £2 million.

OPERATING COSTS

In 2015, total underlying operating costs (excluding exceptional items) increased by £60.3 million, or 7%, to £967.6 million. Of the increase, £29.9 million stemmed from our investment in JLT USA, £11.3 million mainly resulted from the acquisition of Recovre, and £10.6 million came from JLT Specialty, in line with the growth of that business. The mix of the cost base remained unchanged, with staff and premises costs being the major individual costs items.

The Group's underlying operating cost ratio increased by 160 basis points to 83.8% of total revenues. This reflects the impact of the first full year of the investment in JLT USA and the performance of our UK & Ireland Employee Benefits business, offset by underlying cost ratio improvements in JLT Specialty and JLT Re, and a reduction of £5.5 million in Head Office costs which is non-recurring. The impact of the continued investment in JLT USA was the principal reason for the increase in the staff costs to revenue ratio from 59.4% to 61.0%.

The Group's operating leverage, defined as the differential of the year-on-year growth rates of total revenue against total operating costs, is an indicator of how we are managing revenue and cost growth simultaneously over time. Excluding the investment in JLT USA, this is a positive one percentage point, indicating that the Group has kept cost growth in check with revenues, even with the impact of the UK Employee Benefits business.

EXCEPTIONAL ITEMS

In 2015, net exceptional costs were £15.1 million (2014: £23.3 million), comprising £21.3 million of acquisition and integration costs; restructuring costs, mainly following the merger of JLT Specialty with Lloyd & Partners, of £9.9 million; net litigation costs of £1.6 million; and other exceptional costs of £0.9 million. These were offset by the gain on the disposal of the Group's stake in Siaci of £18.6 million. Consequently, reported profit before tax was £155.0 million compared to £159.7 million in 2014.

Looking to 2016, it is currently anticipated that there will be approximately £12 million of exceptional costs associated with the restructuring of the UK Employee Benefits business. In addition, there will be some restructuring costs relating to the integration of Thistle UK into JLT Specialty. We will update the market on the cost and benefits of this at our 2016 interim results.

BALANCE SHEET

The net assets of the Group increased to £331 million from £307 million. The key movements were:

- An increase in goodwill of £20 million mainly due to the 9 acquisitions completed in 2015 for a total consideration of £30.3 million;
- A reduction in the pension liability of £49 million mainly due to an increase in the AA rated corporate bond yield;
- A reduction in net debt of £48 million;
- A decrease in our costs of associates of £57 million, following the disposal of Siaci; and
- A net reduction of working capital (trade and other receivables less trade and other payables and provisions for liabilities and charges) of £34 million.

Net debt, defined as own funds less total borrowings net of transaction costs, was £426 million (2014: £474 million). At 31 December 2015, the Group had committed long-term unsecured revolving credit bank facilities of £500 million and drawn private placement loan notes equivalent to £420 million, resulting in total debt facilities equivalent to £920 million with maturities between 2016 and 2029.

Gross borrowings were £607 million, which includes £584 million of borrowings under the Group's committed facilities, leaving unutilised committed facilities headroom of £336 million.

Finance costs in 2015 were £22.9 million and are expected to be a similar amount in 2016, subject to acquisition spend.

CASHFLOW

The Group monitors operational cash flows rather than statutory. Operational cash flows monitor the movement in net debt and exclude movements in fiduciary funds.

Our operational cash flows have been robust, but continue to reflect significant capital expenditure in 2015 as we add breadth and depth to our business. The decrease in net debt of £48 million represents the net increase in cash in the year.

BOARD AND SENIOR MANAGEMENT DEVELOPMENTS

As previously announced, Charles Rozes was appointed as Group Finance Director on 1 September 2015, succeeding Mike Reynolds, who was appointed Global CEO of JLT Re in August 2014. Charles has joined the JLT Board as an Executive Director and is also a member of the Group Executive Committee. As mentioned above, Bala Viswanathan was announced as the CEO of our UK Employee Benefits business in October 2015, upon the retirement of Duncan Howorth. On 1 January 2016, Paul Knowles became CEO of JLT Specialty, succeeding John Lloyd, and Lucy Clarke was appointed as Deputy CEO. John will remain on the board of JLT Specialty as a non-executive director.

PHASING OF REVENUES AND PROFITS IN 2016

Over the past two years, underlying profit before tax, generally, has been phased with just under 60% in the first half of the year, with the balance in the second half. That phasing was distorted in 2015 due to profit erosion in UK Employee Benefits in the second half.

For 2016, we believe underlying profit before tax will be split roughly 45% to 55% between the first and second halves of the year.

OUTLOOK

The Group faces a number of external headwinds as we go into 2016. However, our focus remains on those factors that we can control and on maintaining the revenue momentum and cost control established over the last ten years. We remain confident in our strategy, our platform and our continued ability to grow.

Results follow



FINANCIAL
STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December 2015

	Notes	2015 £'000	2014 £'000
Fees and commissions	2	**1,151,392**	1,099,728
Investment income	2,4	**3,689**	4,398
Total revenue	2	**1,155,081**	1,104,126
Salaries and associated expenses	6	**(727,334)**	(671,758)
Premises		**(61,167)**	(57,927)
Other operating costs		**(163,685)**	(172,426)
Depreciation, amortisation and impairment charges	3	**(30,538)**	(28,139)
Operating profit	1,2,3	**172,357**	173,876
Analysed as:			
Operating profit before exceptional items	1,2	**187,462**	196,830
Acquisition and integration costs	3	**(21,329)**	(13,271)
Restructuring costs	3	**(9,878)**	(2,482)
Net litigation costs	3	**(1,556)**	-
Net gain on sale of associate	3	**18,595**	-
Business Transformation Programme	3	**-**	(7,753)
Other exceptional items	3	**(937)**	552
Operating profit	1,2,3	**172,357**	173,876
Finance costs	5	**(24,473)**	(22,972)
Finance income	5	**1,612**	1,526
Finance costs - net	5	**(22,861)**	(21,446)
Share of results of associates		**5,531**	7,306
Profit before taxation	1,2	**155,027**	159,736
Income tax expense	8	**(41,586)**	(42,072)
Profit for the year		**113,441**	117,664
Profit attributable to:			
Owners of the parent	2	**103,099**	105,291
Non-controlling interests		**10,342**	12,373
		113,441	117,664
Earnings per share attributable to the owners of the parent during the year (expressed in pence per share)	9		
Basic earnings per share		**47.0p**	47.9p
Diluted earnings per share		**47.0p**	47.8p

The notes on pages 15 to 70 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2015

	Notes	2015 £'000	2014 £'000
Profit for the year		**113,441**	117,664
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations	31	**43,149**	(51,394)
Taxation thereon		**(8,856)**	9,907
Total items that will not be reclassified to profit or loss		**34,293**	(41,487)
Items that may be reclassified subsequently to profit or loss			
Fair value (losses)/gains net of tax:			
- available-for-sale		**(34)**	203
- available-for-sale reclassified to the income statement		**10**	(204)
- cash flow hedges		**(12,569)**	(17,457)
Currency translation differences		**(13,622)**	(3,238)
Total items that may be reclassified subsequently to profit or loss		**(26,215)**	(20,696)
Other comprehensive income/(expense) net of tax		**8,078**	(62,183)
Total comprehensive income for the year		**121,519**	55,481
Attributable to:			
Owners of the parent		**112,552**	43,312
Non-controlling interests		**8,967**	12,169
		121,519	55,481

The notes on pages 15 to 70 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31st December 2015

	Notes	2015 £'000	2014 £'000
NET OPERATING ASSETS			
Non-current assets			
Goodwill	11	**496,166**	475,697
Other intangible assets	12	**104,323**	86,495
Property, plant and equipment	13	**63,167**	61,405
Investments in associates	14	**41,180**	100,650
Available-for-sale financial assets	15,20	**15,466**	9,004
Derivative financial instruments	16,20	**33,684**	18,514
Retirement benefit surpluses	31	**366**	572
Deferred tax assets	22	**51,023**	62,028
		805,375	814,365
Current assets			
Trade and other receivables	17	**528,595**	493,647
Derivative financial instruments	16,20	**1,544**	3,101
Available-for-sale financial assets	15,20	**19**	5,384
Cash and cash equivalents	18,20	**901,087**	871,246
		1,431,245	1,373,378
Current liabilities			
Borrowings	20,21	**(22,338)**	(168,586)
Trade and other payables	19	**(1,086,278)**	(1,037,544)
Derivative financial instruments	16,20	**(6,115)**	(2,491)
Current tax liabilities		**(8,749)**	(8,743)
Provisions for liabilities and charges	23	**(18,594)**	(7,588)
		(1,142,074)	(1,224,952)
Net current assets		**289,171**	148,426
Non-current liabilities			
Borrowings	20,21	**(581,244)**	(443,651)
Derivative financial instruments	16,20	**(33,726)**	(15,859)
Deferred tax liabilities	22	**(16,978)**	(13,897)
Retirement benefit obligations	31	**(130,753)**	(179,607)
Provisions for liabilities and charges	23	**(1,043)**	(3,225)
		(763,744)	(656,239)
		330,802	306,552
TOTAL EQUITY			
Capital and reserves attributable to the owners of the parent			
Ordinary shares	24	**11,008**	11,006
Share premium	24,26	**104,074**	103,941
Fair value and hedging reserves	26	**(12,827)**	(234)
Exchange reserves	26	**(17,280)**	(5,033)
Retained earnings		**227,362**	178,932
Shareholders' equity		**312,337**	288,612
Non-controlling interests		**18,465**	17,940
		330,802	306,552

The notes on pages 15 to 70 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2015

	Notes	Ordinary shares £'000	Other reserves £'000	Retained earnings £'000	Shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1st January 2015		**11,006**	**98,674**	**178,932**	**288,612**	**17,940**	**306,552**
Profit for the year		-	-	103,099	**103,099**	10,342	**113,441**
Other comprehensive (expense)/income for the year		-	(24,840)	34,293	**9,453**	(1,375)	**8,078**
Total comprehensive (expense)/income for the year		**-**	**(24,840)**	**137,392**	**112,552**	**8,967**	**121,519**
Dividends	10	-	-	(64,484)	**(64,484)**	(8,923)	**(73,407)**
Amounts in respect of share based payments:							
- reversal of amortisation net of tax		-	-	21,740	**21,740**	-	**21,740**
- shares acquired		-	-	(26,056)	**(26,056)**	-	**(26,056)**
Acquisitions	29	-	-	-	**-**	(787)	**(787)**
Disposals	30	-	-	-	**-**	1,268	**1,268**
Change in non-controlling interests		-	-	(20,162)	**(20,162)**	-	**(20,162)**
Issue of share capital	24	2	133	-	**135**	-	**135**
Balance at 31st December 2015		**11,008**	**73,967**	**227,362**	**312,337**	**18,465**	**330,802**

	Notes	Ordinary shares £'000	Other reserves £'000	Retained earnings £'000	Shareholders' equity £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1st January 2014		11,003	118,964	211,009	340,976	19,481	360,457
Profit for the year		-	-	105,291	105,291	12,373	117,664
Other comprehensive expense for the year		-	(20,492)	(41,487)	(61,979)	(204)	(62,183)
Total comprehensive (expense)/income for the year		-	(20,492)	63,804	43,312	12,169	55,481
Dividends	10	-	-	(60,610)	(60,610)	(8,324)	(68,934)
Amounts in respect of share based payments:							
- reversal of amortisation net of tax		-	-	18,646	18,646	-	18,646
- shares acquired		-	-	(32,698)	(32,698)	-	(32,698)
Acquisitions		-	-	-	-	(5,170)	(5,170)
Disposals		-	-	-	-	(216)	(216)
Change in non-controlling interests		-	-	(21,219)	(21,219)	-	(21,219)
Issue of share capital	24	3	202	-	205	-	205
Balance at 31st December 2014		11,006	98,674	178,932	288,612	17,940	306,552

The notes on pages 15 to 70 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December 2015

	Notes	2015 £'000	2014 £'000
Cash flows from operating activities			
Cash generated from operations	28	**229,647**	159,299
Interest paid		**(16,448)**	(16,484)
Interest received		**5,116**	6,000
Taxation paid		**(37,003)**	(36,560)
(Decrease)/increase in net insurance broking payables		**(13,384)**	77,268
		167,928	189,523
Dividend received from associates		**800**	2,287
Net cash generated from operating activities		**168,728**	191,810
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(15,183)**	(13,371)
Purchase of other intangible assets	12	**(45,940)**	(36,931)
Proceeds from disposal of property, plant and equipment		**1,282**	1,041
Acquisition of businesses, net of cash acquired	29	**(20,824)**	(58,205)
Acquisition of associates		**(411)**	(686)
Proceeds from disposal of businesses, net of cash disposed	30	**(122)**	703
Proceeds from disposal of associates	2	**80,235**	-
Purchase of available-for-sale other investments	15	**(1,964)**	-
Proceeds from disposal of available-for-sale other investments		**243**	1,008
Net cash used in investing activities		**(2,684)**	(106,441)
Cash flows from financing activities			
Dividends paid to owners of the parent		**(63,094)**	(60,327)
Purchase of available-for-sale financial assets	15	**(5,081)**	(5)
Proceeds from disposal of available-for-sale financial assets		**5,039**	7,991
Purchase of shares		**(26,056)**	(32,698)
Proceeds from issuance of ordinary shares	24	**135**	205
Proceeds from borrowings		**17,637**	208,514
Repayments of borrowings		**(50,118)**	(84,450)
Dividends paid to non-controlling interests		**(8,923)**	(8,324)
Net cash (used)/generated from financing activities		**(130,461)**	30,906
Net increase in cash and cash equivalents		**35,583**	116,275
Cash and cash equivalents at beginning of year		**871,246**	753,164
Exchange (losses)/gains on cash and cash equivalents		**(5,742)**	1,807
Cash and cash equivalents at end of year	18	**901,087**	871,246

The notes on pages 15 to 70 form an integral part of these consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES (unaudited)

for the year ended 31st December 2015

BASIS OF PREPARATION

Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and interpretations issued by the IFRS interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to Companies reporting under IFRSs. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for the following:

- the available-for-sale financial assets, financial assets and liabilities (including derivative financial instruments) are measured at fair value and
- defined benefit pension plans where plan assets are measured at fair value.

STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2015

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Annual improvements to IFRSs 2010-2012 and 2011-2013 cycles

In December 2013, the IASB has made the following amendments:

IFRS 2 – clarifies the definition of 'vesting condition' and now distinguishes between 'performance condition' and 'service condition'

IFRS 3 – clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 and that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date

IFRS 3 – clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement

IFRS 8 – requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported

IFRS 13 – confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial

IFRS 13 – clarifies that the portfolio exception in IFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of IAS 39 or IFRS 9

IAS 16 and IAS 38 – clarifies how the gross carrying amount and accumulated depreciation are treated where an entity measures its assets at revalued amounts

IAS 24 – where an entity receives management personnel services from a third party (a management entity), the fees paid for those services must be disclosed by the reporting entity, but not the compensation paid by the management entity to its employees or directors

Defined benefit plans: Employee contributions - Amendments to IAS 19

The amendments clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits. Under the previous version of IAS 19, most entities deducted the contributions from the cost of the benefits earned in the year the contributions were paid. However, the treatment under the 2011 revised standard was not so clear. It could be quite complex to apply, as it requires an estimation of the future contributions receivable and an allocation over future service periods.

To provide relief, changes were made to IAS 19. These allow contributions that are linked to service, but that do not vary with the length of employee service (eg a fixed % of salary), to be deducted from the cost of benefits earned in the period that the service is provided. Therefore many entities will be able to (but not be required) continue accounting for employee contributions using their existing accounting policy.

None of these amendments had an effect on the Group financial statements.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

If a business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been modified where necessary to ensure consistency with the policies adopted by the Group.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Sterling, which is the Group's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation exchange differences arising from the translation of net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

GOODWILL ARISING ON CONSOLIDATION

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is shown separately on the Balance Sheet. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units, or groups of cash generating units, for the purpose of impairment testing. Cash generating units represent the lowest level of geographical and business segment combinations that the Group uses for internal reporting purposes.

OTHER INTANGIBLE ASSETS

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire them and bring them to use. These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Capitalised development costs are amortised over their estimated useful lives from the point when the asset is ready to use.

The rates of amortisation are between 14% and 100% per annum.

Capitalised employment contract payments

The Group makes payments to certain key employees in recognition of them signing a long-term employment contact, usually three to five years. These payments are capitalised as intangible assets since legal rights protect the expected benefits that the Group will derive from the contracts.

The asset recognised is then amortised over the duration of the underlying contract within salaries and associated expenses.

Other

For acquisitions completed after 1st January 2004, the business acquired is reviewed to identify assets that meet the definition of an intangible asset per IAS 38. Examples of such assets include customer contracts, expectations of business renewal and contract related customer relationships. These assets are valued on the basis of the present value of future cash flows and are amortised to the income statement over the life of the contract or their estimated economic life. The current maximum estimated economic life is fifteen years.

IMPAIRMENT OF ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

PROPERTY, PLANT AND EQUIPMENT

Assets are stated at their net book amount (historical cost less accumulated depreciation). Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of such assets over their estimated useful lives.

The principal rates of depreciation are as follows:

- Freehold land and buildings - between 0% and 2% per annum.
- Leasehold improvements - between 10% and 20% per annum or over the life of the lease.
- Furniture and office equipment - between 10% and 20% per annum.
- Computer hardware - between 20% and 100% per annum.
- Motor vehicles - between 25% and 33 1/3% per annum.

The depreciation rates are reviewed on an annual basis.

FINANCIAL ASSETS

The Group 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 Group'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.

Available-for-sale financial assets

Available-for-sale financial assets are categorised into one of two categories:

1) Investments and deposits consist mainly of fixed term deposits, bonds and certificates of deposit. These investments are held at fair value and are classified between current and non-current assets according to the maturity date.
2) Other investments include securities and other investments held for strategic purposes. These investments are held at fair value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment.

Interest on deposits and interest-bearing investments is credited as it is earned.

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale assets are subsequently carried at fair value.

The fair values of quoted investments are determined based upon current bid price.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of finance income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of finance income when the Group's right to receive payments is established.

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.

INSURANCE BROKING RECEIVABLES AND PAYABLES

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Group. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

In certain circumstances, the Group advances premiums, refunds or claims to insurance underwriters or clients prior to collection.

These advances are reflected in the consolidated balance sheet as part of trade receivables.

SIGNIFICANT ACCOUNTING POLICIES (unaudited) CONTINUED

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Whilst held in the Group's non statutory trust accounts under appropriate client money regulation, fiduciary funds held are controlled by the Group and economic benefits are derived from them. As such these funds are recognised as an asset on the Group's balance sheet.

TRADE PAYABLES

Trade payables are initially recognised at fair value and subsequently measured at amortised cost except for deferred and contingent consideration which is always measured at fair value based on the underlying criteria of each transaction.

BORROWINGS

Borrowings are classified as current liabilities unless the Group 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.

DEFERRED INCOME TAX

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 consolidated 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 items, which is itself either charged or credited directly to equity.

Any subsequent recognition of the deferred gain or loss in the consolidated 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 Group 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.

EMPLOYEE BENEFITS

Pension obligations

The Group operates a number of defined benefit pension schemes, and a number of employees are members of defined contribution pension schemes.

Full actuarial valuations of the Group's main defined benefit schemes are carried out at least every three years.

A qualified actuary updates these valuations to 31st December each year. For the purposes of these annual updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit credit method; these liabilities are discounted at the current rate of return of an AA corporate bond of equivalent currency and term. The defined benefit surplus or deficit is calculated as the present value of defined benefit obligations less the fair value of the plan assets and is included on the Group's balance sheet. Surpluses are included only to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The net interest on the defined benefit liability (asset) is included within finance costs. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised through the consolidated statement of comprehensive income.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The costs of the Group's defined contribution pension schemes are charged to the income statement in the period in which they fall due.

Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (at nominal value) and share premium (excess over nominal value) when the options are exercised.

PROVISIONS FOR LIABILITIES AND CHARGES

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. Where appropriate the Group discounts provisions to their present value. The unwinding of the provision discounting is included as an 'interest expense' within finance costs in the income statement.

REVENUE

Fees and commissions

Fees and commissions are derived from three principal sources:

Insurance broking

Income relating to insurance broking is accounted for at the later of policy inception date or when the policy placement has been completed and confirmed.

Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation.

Employee benefits

Income relating to employee benefit services includes fees and commissions. Fees are charged on a time-cost or fixed-fee basis and are recognised in line with the performance of the underlying service. Commission is recognised upon confirmation of the underlying policy or product.

Other services

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

Investment income

Investment income arises from the holding of cash and investments relating to fiduciary funds and is recognised on an accruals basis.

EXCEPTIONAL ITEMS

Exceptional items are separately identified to provide greater understanding of the Group's underlying performance. Items classified as exceptional items include: gains or losses arising from the sale of businesses and investments; closure costs for businesses; restructuring costs; professional fees in respect of acquisitions; post acquisition integration costs; and other credits and charges of non-recurring nature that require inclusion in order to provide additional insight into the underlying business performance. Items of a non-recurring and material nature are charged or credited to operating profit and are classified to the appropriate income statement headings.

To assist in the analysis and understanding of the underlying trading position of the Group these items are summarised within the operating profit, note 3 on page 26, under the heading of "Exceptional items".

LEASES

Assets held under leasing agreements, which transfer substantially all the risks and rewards of ownership to the Group are included in property, plant and equipment. The capital elements of the related lease obligations are included in liabilities. The interest elements of the lease obligations are charged to the income statement over the period of the lease term.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group only enters into derivative financial instruments in order to hedge underlying financial and commercial exposures.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged.

The Group designates derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment (cash flow hedge), or a hedge of a net investment in a foreign entity (net investment hedges).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in equity. Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the consolidated income statement and classified as income or expense in the same periods during which the hedged firm commitment or forecasted transaction affects the income statement.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

When a hedging instrument expires or is sold, any cumulative gain or loss existing in equity at that time remains in the hedging reserves and is recognised in the income statement when a hedge no longer meets the criteria for hedge accounting or when the committed or forecasted transaction ultimately occurs. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in the income statement.

DIVIDEND DISTRIBUTION

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

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group's exposure to financial risks and its financial and capital management policies are detailed in the Finance Director's Review and the Risk Management Report will be available in the 2015 Annual Report.

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.

a) 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 Group 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 Group 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.

b) Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other 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 Group 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.

c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

d) Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions.

The assumption used in determining the net cost or income for pension obligations is a discount rate based upon high quality corporate bonds.

Any changes in the assumptions may impact the carrying amount of pension obligations, the charge in the income statement, or statement of comprehensive income.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. As well as the discount rate, the inflation rates and life expectancy are also key assumptions.

To set the price inflation assumptions the Group considers market expectations of inflation at the appropriate durations. Adjustments are made to these rates where necessary to reflect an inflation risk premium.

In determining the life expectancy assumptions the Group considers the mortality assumptions used by the Trustees of the pension schemes in their latest actuarial valuations and also mortality guidance laid out by legislation. This enables the Group to determine a best estimate of life expectancy that is appropriate for accounting purposes.

e) Errors and omissions liability

During the ordinary course of business the Group can be subject to claims for errors and omissions made in connection with its broking 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 Group 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 Group could be materially affected by the unfavourable outcome of litigation.

FUTURE DEVELOPMENTS

The following standards and amendments to existing standards have been published and are not mandatory for 31 December 2015 reporting periods, but the Group has not adopted them early.

Accounting standards and interpretation applicable on or after 1 January 2016

Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11

The amendments to IFRS 11 clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.

This includes:

- measuring identifiable assets and liabilities at fair value
- expensing acquisition-related costs
- recognising deferred tax, and
- recognising the residual as goodwill, and testing this for impairment annually.

Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

The Group is yet to assess IFRS 11 amendment's full impact.

Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38

The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate.

The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment.

IAS 38 Intangible Assets now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either

- The intangible asset is expressed as a measure of revenue (ie where a measure of revenue is the limiting factor on the value that can be derived from the asset), or
- It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated

The Group does not believe this will have any impact.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitutes a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively. The Group is yet to assess IFRS 10 and IAS 28 amendment's full impact.

Disclosure Initiative - Amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

Annual Improvements to IFRSs 2012-2014 cycle

The latest annual improvements clarify:

- IFRS 5 – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such
- IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34
- IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise
- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

Accounting standards and interpretation applicable on or after 1 January 2017

Financial Instruments - Amendments to IFRS 9

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Group is yet to assess IFRS 9's full impact.

Issuance of new standard "IFRS15 - Revenue from contracts with customers"

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The Group is in the process of assessing the full impact of IFRS 15 and this work will continue through 2016. Based on our initial assessment this standard will impact many areas of the business. It is expected that it will lead to an acceleration of income recognition and the quantum of recognition will become more judgemental. As a consequence of this, there will be an increase in trade receivables and working capital, as the timing of income recognition and it's collection in cash move further apart. Quantification of the impact cannot be given at this time.

Issuance of new standard "IFRS16 - Leases"

IFRS 16, 'Leases' requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. This defers from IAS 17 'Leases' were a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet) was required. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement. The Group is yet to assess IFRS 16's full impact.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2015

1. Alternative income statement

The format of the consolidated income statement on page 10 conforms to the requirements of IFRS. The alternative income statement set out below, which is provided by way of additional information, has been prepared on a basis that conforms more closely to the approach adopted by the Group in assessing its performance. The statement provides a reconciliation between the underlying results used by the Group to assess performance and the IFRS income statement.

	Year ended 31st December 2015		
	Underlying profit £'000	**Exceptional items £'000**	**Total £'000**
Fees and commissions	**1,151,392**	-	**1,151,392**
Investment income	**3,689**	-	**3,689**
Salaries and associated expenses	**(704,435)**	(22,899)	**(727,334)**
Premises	**(58,852)**	(2,315)	**(61,167)**
Other operating costs	**(173,794)**	10,109	**(163,685)**
Depreciation, amortisation and impairment charges	**(30,538)**	-	**(30,538)**
Trading profit	**187,462**	**(15,105)**	**172,357**
Finance costs - net	**(22,861)**	-	**(22,861)**
Share of results of associates	**5,531**	-	**5,531**
Profit before taxation	**170,132**	**(15,105)**	**155,027**

In 2015 total other operating costs includes the gain on the disposal of the Group's interest in Milestone, the holding company of Siaci Saint Honoré, and elements of the net litigation costs.

	Year ended 31st December 2014		
	Underlying profit £'000	Exceptional items £'000	Total £'000
Fees and commissions	1,099,728	-	1,099,728
Investment income	4,398	-	4,398
Salaries and associated expenses	(656,323)	(15,435)	(671,758)
Premises	(55,576)	(2,351)	(57,927)
Other operating costs	(167,258)	(5,168)	(172,426)
Depreciation, amortisation and impairment charges	(28,139)	-	(28,139)
Trading profit	196,830	(22,954)	173,876
Finance costs - net	(21,446)	-	(21,446)
Share of results of associates	7,660	(354)	7,306
Profit before taxation	183,044	(23,308)	159,736

2. Segment information

Management has determined its operating segments based on the analysis used to make strategic decisions.

Business segment analysis

The Group is organised on a worldwide basis into three main segments: Risk & Insurance, Employee Benefits and Head Office & Other operations. These segments are consistent with the internal reporting structure of the Group.

The Risk & Insurance segment comprises JLT's global specialist, wholesale, reinsurance broking, personal lines and SME activities. The Employee Benefits segment consists of pension administration, outsourcing and employee benefits consultancy, healthcare and wealth management activities. Certain Risk & Insurance and Employee Benefits operating segments have been disclosed within the reporting segments given their individual size. The Head Office & Other segment consists mainly of holding companies, central administration functions, the Group's captive insurance companies and the Group's investments in associates.

The JLT Asia Employee Benefits segments is now disclosed as reportable segments to meet the quantitative threshold required by IFRS 8.

Lloyd & Partners was merged into JLT Specialty at the beginning of the year. The businesses located in the United States, the Nordic region and the Netherlands previously reported under JLT Specialty have been reclassified respectively to JLT USA and JLT EMEA (both included in Other Risk & Insurance). The Healthcare business previously reported under JLT Specialty has been reclassified to JLT Re.

Segment results

Management assesses the performance of the operating segments based upon a measure of underlying trading profit. Segment results include the net income or expense derived from the trading activities of the segment together with the investment income earned on fiduciary funds. Interest income on the Group's own funds and finance costs are excluded since the trading activities of the Group's primary segments are not of a financial nature. Income tax expense and the charge in respect of non-controlling interests are excluded from the segmental allocation.

Segment assets and liabilities

Assets and liabilities are not allocated to individual segments and are therefore all reported within Head Office & Other.

Investments in associates

The Group owns the following stakes in its principal associates: 20% of GrECo, which operates mainly in Austria and Eastern Europe; 25% of MAG-JLT, which operates mainly in Italy and 25% of March-JLT, which operates mainly in Spain. The investment and the Group's share of the net results of these associates are included in the Head Office & Other segment, together with the investment and results of the Group's other associates, Sterling Re Intermediaro de Reaseguro SA de CV, JLT Insurance Management Malta, JLT Energy (France) SAS and JLT Independent Insurance Brokers Private Ltd.

On 6th May 2015, the Group disposed of its 26% stake in Milestone, the holding company of Siaci Saint Honoré, generating cash proceeds of £80,235,000 and a net exceptional gain of £18,595,000.

Other segment items

Capital expenditure comprises additions to property, plant and equipment and other intangible assets.

2. Segment information continued

	Risk & Insurance					Employee Benefits				
Year ended 31st December 2015	JLT Specialty £'000	JLT Re £'000	JLT Australia & New Zealand £'000	JLT Asia £'000	Other Risk & Insurance £'000	UK & Ireland £'000	Asia £'000	Other Employee Benefits £'000	Head Office & Other £'000	Total £'000
Fees and commissions	310,366	173,274	107,504	76,406	195,423	167,376	78,903	42,140	-	**1,151,392**
Investment income	805	286	2,032	177	347	1	13	28	-	**3,689**
Total revenue	**311,171**	**173,560**	**109,536**	**76,583**	**195,770**	**167,377**	**78,916**	**42,168**	**-**	**1,155,081**
Underlying trading profit	**68,294**	**32,416**	**32,745**	**12,657**	**14,742**	**12,829**	**24,433**	**6,295**	**(16,949)**	**187,462**
Operating profit	60,071	36,739	32,745	12,814	12,319	8,041	24,431	4,481	(19,284)	**172,357**
Finance costs - net	-	-	-	-	-	-	-	-	(22,861)	**(22,861)**
Share of results of associates	-	-	-	-	-	-	-	-	5,531	**5,531**
Profit before taxation	**60,071**	**36,739**	**32,745**	**12,814**	**12,319**	**8,041**	**24,431**	**4,481**	**(36,614)**	**155,027**
Income tax expense	-	-	-	-	-	-	-	-	(41,586)	**(41,586)**
Non-controlling interests	-	-	-	-	-	-	-	-	(10,342)	**(10,342)**
Net profit attributable to the owners of the parent	**60,071**	**36,739**	**32,745**	**12,814**	**12,319**	**8,041**	**24,431**	**4,481**	**(88,542)**	**103,099**
Segment assets									2,195,440	**2,195,440**
Investments in associates									41,180	**41,180**
Total assets									**2,236,620**	**2,236,620**
Segment liabilities									(1,905,818)	**(1,905,818)**
Total liabilities									**(1,905,818)**	**(1,905,818)**
Other segment items:										
Capital expenditure	10,578	8,877	1,737	2,752	11,905	10,851	1,510	473	12,440	**61,123**
Depreciation, amortisation and impairment charges	(8,232)	(1,949)	(2,614)	(2,638)	(6,691)	(6,561)	(880)	(775)	(12,570)	**(42,910)**

	Risk & Insurance					Employee Benefits				
Year ended 31st December 2014	JLT Specialty £'000	JLT Re £'000	JLT Australia & New Zealand £'000	JLT Asia £'000	Other Risk & Insurance £'000	UK & Ireland £'000	Asia £'000	Other Employee Benefits £'000	Head Office & Other £'000	Total £'000
Fees and commissions	288,571	165,118	111,767	71,587	179,135	183,167	69,306	31,077	-	1,099,728
Investment income	907	387	2,353	167	521	1	13	49	-	4,398
Total revenue	289,478	165,505	114,120	71,754	179,656	183,168	69,319	31,126	-	1,104,126
Underlying trading profit	57,177	26,205	32,269	11,299	27,315	36,002	23,450	5,580	(22,467)	196,830
Operating profit	51,705	15,797	32,269	9,094	26,053	34,228	23,224	5,418	(23,912)	173,876
Finance costs - net	-	-	-	-	-	-	-	-	(21,446)	(21,446)
Share of results of associates	-	-	-	-	-	-	-	-	7,306	7,306
Profit before taxation	51,705	15,797	32,269	9,094	26,053	34,228	23,224	5,418	(38,052)	159,736
Income tax expense	-	-	-	-	-	-	-	-	(42,072)	(42,072)
Non-controlling interests	-	-	-	-	-	-	-	-	(12,373)	(12,373)
Net profit attributable to the owners of the parent	51,705	15,797	32,269	9,094	26,053	34,228	23,224	5,418	(92,497)	105,291
Segment assets									2,087,093	2,087,093
Investments in associates									100,650	100,650
Total assets									2,187,743	2,187,743
Segment liabilities									(1,881,191)	(1,881,191)
Total liabilities									(1,881,191)	(1,881,191)
Other segment items:										
Capital expenditure	16,131	2,859	2,370	3,125	8,137	7,592	713	707	8,668	50,302
Depreciation, amortisation and impairment charges	(6,030)	(1,687)	(2,916)	(2,372)	(4,559)	(6,023)	(626)	(481)	(11,297)	(35,991)

2. Segment information continued

Geographical segment analysis

Although the Group's two business segments are managed on a worldwide basis, they operate in five principal geographical areas of the world.

The United Kingdom is the home country of the parent company Jardine Lloyd Thompson Group plc.

The Risk & Insurance segment operates in the United Kingdom, the Group's home country. In the Americas, the Risk & Insurance segment operates in Argentina, Bermuda, the Caribbean, Brazil, Canada, Colombia, Peru, Chile, and the United States. The Australasian segment includes operations in Australia and New Zealand. In Europe, it operates in the Republic of Ireland, Sweden, Finland, Norway, Denmark, Germany, Guernsey, France, The Netherlands, Spain, Switzerland and Russia. The Asian segment includes operations in Singapore, Hong Kong, Taiwan, Indonesia, Japan, Thailand, South Korea, Philippines, Malaysia, China, Vietnam, Dubai, Qatar, Bahrain and Turkey. In Rest of the World, it operates in South Africa.

The Employee Benefits segment operates in the United Kingdom. In the Americas, the Employee Benefits segment operates in Brazil, Canada, Colombia and Peru. The Australasian segment includes operations in Australia and New Zealand. In Europe, it operates in the Republic of Ireland and Switzerland. The Asian segment includes operations in Singapore, Hong Kong, Taiwan, Indonesia, Japan, Thailand, South Korea, Philippines, Malaysia, China and Vietnam. In Rest of the World, it operates in South Africa.

The Head Office & Other activities segment is mainly based in the United Kingdom with minor operations in the Americas, Europe and Asia. The Group's captive operations are included in the United Kingdom segment.

Fees and commissions are disclosed by (1) the country in which the office is located and (2) the country in which the customer is located.

Segment non-current assets, segment assets and segment liabilities are disclosed based on the country in which they are located or occur. Interest bearing assets (e.g. cash & cash equivalents and investments & deposits) relating to the Group's own funds and deferred tax assets are excluded from segment assets. Interest bearing liabilities (e.g. borrowings) and income and deferred tax liabilities are excluded from segment liabilities. Items excluded from segmental allocation are referred to as "unallocated".

Year ended 31st December 2015	**Fees and commissions (1) £'000**	**Fees and commissions (2) £'000**	**Segment non-current assets £'000**	**Segment assets £'000**	**Segment liabilities £'000**
UK	592,652	365,892	391,344	1,271,524	(854,669)
Americas	218,962	335,914	167,288	345,628	(178,662)
Australasia	130,470	140,631	32,725	112,941	(74,525)
Asia	173,305	175,082	44,462	162,495	(124,704)
Europe	31,000	87,804	21,745	58,465	(31,818)
Rest of the World	5,003	46,069	6,092	8,433	(4,986)
	1,151,392	**1,151,392**	**663,656**	**1,959,486**	**(1,269,364)**
Investments in associates				41,180	-
Unallocated assets/(liabilities)				235,954	(636,454)
Total assets/(liabilities)				**2,236,620**	**(1,905,818)**

Year ended 31st December 2014	Fees and commissions (1) £'000	Fees and commissions (2) £'000	Segment non-current assets £'000	Segment assets £'000	Segment liabilities £'000
UK	591,002	360,415	378,995	1,192,734	(830,555)
Americas	199,696	320,918	157,286	329,087	(158,945)
Australasia	121,728	131,071	25,705	118,270	(79,983)
Asia	156,054	166,364	41,398	183,580	(134,305)
Europe	26,974	86,856	15,926	52,560	(33,527)
Rest of the World	4,274	34,104	4,287	5,213	(3,326)
	1,099,728	1,099,728	623,597	1,881,444	(1,240,641)
Investments in associates				100,650	-
Unallocated assets/(liabilities)				205,649	(640,550)
Total assets/(liabilities)				2,187,743	(1,881,191)

3. Operating profit

The following items have been (credited)/charged in arriving at operating profit:

	2015 £'000	2014 £'000
Foreign exchange gains:		
- fees and commissions	(3,133)	(8,705)
- other operating costs	(3,236)	(894)
	(6,369)	(9,599)
Amortisation of other intangible assets:		
- software costs	17,171	15,362
- other intangible assets	1,767	1,530
Depreciation on property, plant and equipment:		
- owned assets	11,316	10,963
- leased assets under finance leases	284	284
Total depreciation and amortisation charges	**30,538**	28,139
Amortisation of other intangible assets:		
- employment contract payments (included in salaries and associated expenses)	12,372	7,852
Losses on disposal of property, plant and equipment	60	53
Operating lease rentals payable:		
- minimum lease payments:		
- land and buildings	36,409	35,422
- furniture, equipment and motor vehicles	821	735
- computer equipment and software	364	329
- sub-leases receipts:		
- land and buildings	(376)	(1,904)
	37,218	34,582
Available-for-sale financial assets:		
- fair value losses/(gains)	41	(16)
- losses/(gains) on sale	72	(332)
	113	(348)
Exceptional items:		
Acquisition and integration costs of which:		
- included in salaries and associated expenses	13,274	7,347
- included in premises costs	1,736	1,873
- included in other operating costs	6,319	4,051
	21,329	13,271
Restructuring costs of which:		
- included in salaries and associated expenses	9,314	2,335
- included in premises costs	233	142
- included in other operating costs	331	5
	9,878	2,482
Net litigation costs:		
- included in salaries and associated expenses	529	-
- included in premises costs	346	-
- included in other operating costs	681	-
	1,556	-
Costs associated with a regulatory review:		
- included in salaries and associated expenses	274	-
- included in other operating costs	1,258	-
	1,532	-
Business Transformation Programme of which:		
- included in salaries and associated expenses	-	5,753
- included in other operating costs	-	2,000
	-	7,753
Net gain on restructuring of businesses in Canada of which:		
- included in premises costs	-	336
- included in other operating costs	-	(683)
	-	(347)
Net gain on sale of associate	(18,595)	-
Net loss on disposal of businesses	527	-
Pension curtailment gain	(492)	-
Release of contingent considerations	(456)	(205)
Fair value adjustments on put options	(174)	-
Total exceptional items included within operating profit	**15,105**	22,954
Siaci restructuring costs - included in share of results of associates	-	354
Total exceptional items	**15,105**	23,308

4. Investment income

	2015 £'000	2014 £'000
Interest receivable - fiduciary funds	**3,689**	4,398
Prior year investment income	**4,398**	4,529
Effect of:		
- average cash balance variance	127	468
- interest yield variance	(614)	(222)
- foreign exchange variance	(222)	(377)
	3,689	4,398

The Group's investment income arises from its holdings of cash and investments relating to fiduciary funds. Equivalent average cash and investment balances during the year amounted to £766 million (2014: £719 million) denominated principally in US dollars (55%), Sterling (17%) and Australian dollars (11%). The average return for 2015 was 0.50% (2014: 0.60%). Based upon average invested balances each 1% movement in the average achieved rate of return would impact anticipated interest income by some £7.7 million.

5. Finance income and costs

	2015 £'000	2014 £'000
Interest receivable - own funds	1,503	1,500
Investment income from available for-sale financial assets	109	26
Interest expense:		
- bank and other borrowings	(16,733)	(16,803)
- finance leases	(49)	(48)
- interest in respect of liability discounting	(1,567)	(291)
Pension financing:		
- expected return on post employment scheme assets	18,749	23,151
- interest on post employment scheme liabilities	(24,873)	(28,981)
Net pension financing expense	(6,124)	(5,830)
Finance costs - net	**(22,861)**	(21,446)
Finance costs	(24,473)	(22,972)
Finance income	1,612	1,526
Finance costs - net	**(22,861)**	(21,446)

Interest Rate Risk

The Group has both interest bearing assets, explained in note 4, and interest bearing liabilities that give rise to net exposures to changes in interest rates, primarily in US Dollars and Sterling. Where appropriate, the Group uses interest rate swaps to hedge or match these interest rate exposures. The Group's policy is to continue to manage net interest rate exposures arising from the Group's cash (including fiduciary funds) and borrowings. Each 1% movement in the average achieved interest rate impacts interest expense by approximately £5.5 million based on average net borrowings in 2015.

6. Employee information (unaudited)

	2015 £'000	2014 £'000
a) Salaries and associated expenses		
Wages and salaries	573,723	521,920
Social security costs	49,448	47,158
Pension costs	40,185	37,270
Equity settled share-based payments:		
- incentive schemes (LTIP, SESS, ESOS)	19,991	18,669
- Sharesave Scheme	84	168
	20,075	18,837
Other staff costs	43,903	46,573
	727,334	671,758

	2015	2014
b) Analysis of employees		
Monthly average number of persons employed by the Group during the year:		
Geographical segment:		
- UK	4,131	3,962
- Americas	1,679	1,582
- Australasia	1,133	921
- Asia	3,322	2,906
- Europe	234	195
- Rest of the World	105	87
	10,604	9,653
Business segment:		
- Risk & Insurance	5,990	5,698
- Employee Benefits	3,778	3,228
- Head Office & Other	836	727
	10,604	9,653

	2015 £'000	2014 £'000
c) Key management compensation		
Salaries and short-term employee benefits	13,893	12,370
Post employment benefits	457	277
Other long-term benefits	448	461
Share-based payments	5,992	6,017
Termination benefits	-	374
	20,790	19,499

6. Employee information (unaudited) continued

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including any director of the Group. This represents the Group Board of Directors and the Group Executive Committee only.

The Group's equity-settled share-based payments comprise the JLT Long Term Incentive Plan (2004/2013), Senior Executive Share Scheme, Executive Share Option Scheme and the Sharesave Schemes.

JLT Long Term Incentive Plan (2004/2013)

The Group operates the Long Term Incentive Plan (LTIP) for Executive Directors and persons discharging managerial responsibility (PDMR's). The scheme was renewed in 2013. Awards under the scheme are granted in the form of nil-priced options and are satisfied using market-purchased shares. The awards vest in full or in part depending on satisfaction of the performance conditions which will be set out on in the Director's Remuneration Report in the 2015 Annual Report. The awards have a 3 year performance period and have a 10 year life from the date of grant.

Senior Executive Share Scheme

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

Executive Share Option Scheme

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

Sharesave Scheme

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

Fair value of awards

Under IFRS 2 the fair value of awards granted during the year, calculated using a Black-Scholes model, is set out below:

				Black-Scholes model assumptions					
		Exercise price pence	Performance period	Share price on grant date pence	Volatility %	Dividend yield %	Maturity years	Risk free interest rate %	Fair value of one award pence
JLT Long Term Incentive Plan (2013) / Senior Executive Share Scheme									
2015	25 March	-	2015 - 18	1,052.00	18.34	-	1 - 3	0.60	1,052.00
2015	1 April	-	2015 - 18	1,032.00	18.35	-	3	0.62	1,032.00
2015	10 September	-	2015 - 18	1,030.00	18.62	-	1 - 3	0.67	1,030.00
2015	21 September	-	2015 - 18	1,022.00	18.58	-	1 - 3	0.72	1,022.00

The option holders who have awards under the JLT Long Term Incentive Plan (2004/2013) and the Senior Executive Share Scheme also receive payments equating to the dividends payable on their shares (subject to meeting the performance criteria). Assuming that the dividend yield is zero and that the options are issued with no cost to the employees, then the fair value will equal the share price at date of grant.

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

All options granted under the share option schemes are conditional upon the employees remaining in the Group's employment during the vesting period of the option, the actual period varies according to the scheme in which the employee participates. In calculating the cost of options granted, a factor is included to take account of anticipated lapse rates. For Executive Share Option and Sharesave Schemes this is 20%. For the JLT Long Term Incentive Plan (2004/2013) and the Senior Executive Share Scheme it is nil as both are issued with no cost to the employee.

6. Employee information (unaudited) continued

	Movement in number of options							
	Options outstanding at 1st Jan 15 number	**Granted/ adjustments number**	**Lapsed number**	**Exercised number**	**Options outstanding at 31st Dec 15 number**	**Weighted average exercise (sale) price (p)**	**Options exercisable at 31st Dec 15 number**	**Remaining contractual life years**
JLT Long Term Incentive Plan (2004/2013)	**2,178,744**	762,100	(326,796)	(686,266)	**1,927,782**	1,052.56	37,514	8.18
Senior Executive Share Scheme	**7,006,456**	2,784,511	(686,913)	(1,936,272)	**7,167,782**	1,026.77	887,022	8.00
Executive Share Option Scheme	**301,576**	-	-	(236,776)	**64,800**	1,018.15	64,800	0.75
Sharesave Scheme	**417,429**	-	(19,919)	(397,510)	**-**	1,010.94	-	-
Total	**9,904,205**	**3,546,611**	**(1,033,628)**	**(3,256,824)**	**9,160,364**	**1,029.65**	**989,336**	**7.98**

	Movement in number of options							
	Options outstanding at 1st Jan 14 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31st Dec 14 number	Weighted average exercise (sale) price (p)	Options exercisable at 31st Dec 14 number	Remaining contractual life years
JLT Long Term Incentive Plan (2004/2013)	2,187,814	689,000	(102,770)	(595,300)	2,178,744	1,043.00	223,014	7.91
Senior Executive Share Scheme	5,558,728	2,944,983	(372,186)	(1,125,069)	7,006,456	1,030.91	1,341,746	7.86
Executive Share Option Scheme	494,704	-	(39,800)	(153,328)	301,576	1,033.58	301,576	0.83
Sharesave Scheme	460,020	-	(29,519)	(13,072)	417,429	986.28	1,927	1.00
Total	8,701,266	3,633,983	(544,275)	(1,886,769)	9,904,205	1,034.63	1,868,263	7.37

Range of option prices of outstanding awards

The outstanding awards at 31st December 2015 have the following option prices and weighted average remaining contractual life:

	Executive Share Option Scheme	
	Number	**Years**
£3.50-£4.00	64,800	0.75

The LTIP and SESS awards are nil priced and therefore have not been analysed above.

7. Services provided by the Company's auditor and its associates

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and its associates:

	2015 £'000	2014 £'000
Fees payable to the Group's auditor for the audit of the parent Company and consolidated financial statements	217	220
Fees payable to the Group's auditor and its associates for other services:		
- the audit of the Company's subsidiaries	2,436	2,315
- audit related assurance services	417	278
- tax compliance services	120	136
- tax advisory services	51	45
- other assurance services	131	9
- other non-audit services	23	27
	3,395	3,030

In addition to the above, fees payable to the Company's auditor and its associates for audit services supplied to the Company's associated pension schemes amounted to £18,200 (2014: £18,000).

The Audit & Risk Committee has a policy on the use of the external auditors for non-audit services to ensure that the auditor's independence is maintained and that appropriate approvals are sought for non-audit services depending upon their nature and value. Each year a limit is set on the total fees that can be paid to the external auditor in relation to non-audit services. For 2015 the Audit & Risk Committee has set this limit at £1 million (2014: £1 million).

8. Income tax expense

	2015 £'000	2014 £'000
Current tax expense		
Current year	43,153	43,637
Adjustments in respect of prior years	(2,167)	1,430
	40,986	45,067
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	(1,515)	(3,348)
Reduction in tax rate	655	18
Adjustments in respect of prior years	1,460	335
	600	(2,995)
Total income tax expense	**41,586**	42,072

The total income tax expense in the income statement of £41,586,000 (2014: £42,072,000) includes a tax credit on exceptional items of £5,914,000 (2014: £5,128,000). There were no non-recurring tax credits in the year.

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

8. Income tax expense continued

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

	2015 £'000	2014 £'000
Profit before taxation	**155,027**	159,736
Tax calculated at UK Corporation Tax rate of 20.25% (2014: 21.5%)	31,393	34,343
Non-deductible expenses*	5,564	4,584
Adjustments in respect of prior years	(707)	1,783
Effect of difference between UK and non-UK tax rates	5,801	2,894
Effect of reduction in UK tax rate	655	-
Tax on associates	(1,120)	(1,532)
Total income tax expense	**41,586**	42,072

* The non-deductible expenses include the non-recognition of tax losses in the US of £3,513,000 and the non-taxable gain on disposal of Siaci of £4,128,000.

9. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the year, excluding unallocated shares held by the Trustees of the Employee Share Ownership Plan Trust.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Additionally basic and diluted earnings per share are also calculated based on underlying earnings attributable to the owners of the parent.

A reconciliation of earnings is set out below.

	2015 No. of shares	2014 No. of shares
Weighted average number of ordinary shares in issue	219,234,336	219,713,827
Effect of outstanding share options	217,178	475,892
Adjusted weighted average number of ordinary shares for diluted earnings per share	**219,451,514**	220,189,719

	2015			2014		
	£'000	Basic pence per share	Diluted pence per share	£'000	Basic pence per share	Diluted pence per share
Earnings reconciliation						
Underlying profit after taxation and non-controlling interests*	**112,290**	**51.2**	**51.2**	123,471	56.2	56.1
Exceptional items before tax	(15,105)			(23,308)		
Taxation thereon	5,914			5,128		
	(9,191)	(4.2)	(4.2)	(18,180)	(8.3)	(8.3)
Profit attributable to the owners of the parent	**103,099**	**47.0**	**47.0**	105,291	47.9	47.8

* Underlying excludes exceptional items.

10. Dividends

	2015 £'000	2014 £'000
Final dividend in respect of 2014 of 18.3p per share (2013: 17.1p)	40,141	37,216
Less: adjustment*	(164)	(18)
	39,977	37,198
Interim dividend in respect of 2015 of 11.1p per share (2014: 10.6p)	24,507	23,412
	64,484	60,610

* Adjustment relating to dividend equivalents accrued in respect of various performance related share awards and long-term incentive plans not currently anticipated to fully vest.

A final dividend in respect of 2015 of 19.5p per share (2014: 18.3p) amounting to a total of £42,710,000 (2014: £40,076,000) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting on 26th April 2016.

11. Goodwill

	Gross amount £'000	Impairment losses £'000	Net carrying amount £'000
At 31st December 2015			
Opening net book amount	**480,176**	**(4,479)**	**475,697**
Exchange differences	(2,266)	211	**(2,055)**
Acquisitions	23,239	-	**23,239**
Disposals	(715)	-	**(715)**
Closing net book amount	**500,434**	**(4,268)**	**496,166**
At 31st December 2014			
Opening net book amount	434,026	(4,576)	429,450
Exchange differences	2,315	97	2,412
Acquisitions	43,835	-	43,835
Closing net book amount	480,176	(4,479)	475,697

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to country of operation and business segment. A summary of the goodwill allocation is presented below.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period and are discounted using the weighted average cost of capital. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below:

		Key assumptions	
	Net carrying amount £'000	Growth rate (1) %	Discount rate (2) %
At 31st December 2015			
JLT Re	161,767	2.13%	7.36%
JLT Speciality	101,669	2.12%	6.45%
UK & Ireland Employee Benefits	79,729	2.13%	6.46%
Latin America	31,670	3.75%	11.14%
JLT Insurance Services	30,894	2.09%	7.01%
Asia	27,513	2.59%	7.06%
Australia & New Zealand	24,068	2.82%	7.36%
Other	38,856	2.35%	7.78%
	496,166	**2.42%**	**7.23%**
At 31st December 2014			
JLT Re	158,123	2.48%	8.44%
JLT Speciality	101,700	2.44%	7.28%
UK & Ireland Employee Benefits	73,052	2.45%	7.17%
Latin America	35,869	4.69%	12.56%
JLT Insurance Services	31,258	2.45%	7.45%
Asia	26,171	3.53%	9.23%
Australia & New Zealand	17,022	3.02%	11.31%
Other	32,502	2.71%	10.62%
	475,697	2.85%	8.62%

1) Average growth rate used to extrapolate cash flows beyond five years.
2) Pre-tax discount rate applied to the cash flow projections.

The key assumptions used in value-in-use calculations were:

The budgeted trading profit growth: management determines budgeted trading profit based on past experience and its expectation for market development.

The budgeted IBA interest income growth:- this is based on past experience and long-term interest rates projections.

The discount rates used are pre-tax and reflect specific risks relating to the relevant segment and country of operation. The weighted average growth rates used are consistent with long-term economic forecasts in the countries of operation.

The value-in-use is compared to an adjusted goodwill. The adjusted goodwill is the goodwill grossed up to reflect a 100% ownership by the Group.

The key sensitivity analysis are:

A decrease of 1% on the growth rate resulted in a reduction of 19% in the excess between the value in use and the adjusted carrying value of goodwill.

An increase of 2% on the discount rate resulted in a reduction of 38% in the excess between the value in use and the adjusted carrying value of goodwill.

A combined decrease of 1% on the growth rate and an increase of 2% in the discount rate resulted in a reduction of 47% in the excess between the value in use and the adjusted carrying value of goodwill.

12. Other intangible assets

	Computer software £'000	Capitalised employment contract payments £'000	Other £'000	Total £'000
At 31st December 2015				
Opening net book value	**55,353**	**16,005**	**15,137**	**86,495**
Exchange differences	(231)	213	(152)	**(170)**
Additions	23,884	22,056	-	**45,940**
Companies acquired	48	-	3,320	**3,368**
Amortisation charge	(17,171)	(12,372)	(1,767)	**(31,310)**
Closing net book value	**61,883**	**25,902**	**16,538**	**104,323**
At 31st December 2015				
Cost	159,357	54,892	25,846	**240,095**
Accumulated amortisation and impairment	(97,474)	(28,990)	(9,308)	**(135,772)**
Closing net book value	**61,883**	**25,902**	**16,538**	**104,323**
At 31st December 2014				
Opening net book value	50,551	7,755	10,786	69,092
Exchange differences	(22)	87	63	128
Additions	20,904	16,015	12	36,931
Companies acquired	(718)	-	5,806	5,088
Amortisation charge	(15,362)	(7,852)	(1,530)	(24,744)
Closing net book value	55,353	16,005	15,137	86,495
At 31st December 2014				
Cost	135,451	36,039	22,878	194,368
Accumulated amortisation and impairment	(80,098)	(20,034)	(7,741)	(107,873)
Closing net book value	55,353	16,005	15,137	86,495
At 31st December 2013				
Cost	112,155	29,242	17,124	158,521
Accumulated amortisation and impairment	(61,604)	(21,487)	(6,338)	(89,429)
Closing net book value	50,551	7,755	10,786	69,092

Additions to computer software during 2015 include £20,532,000 of capitalised costs in respect of internal developments (2014: £12,825,000).

13. Property, plant and equipment

	Land & buildings £'000	Leasehold improvements £'000	Furniture & equipment £'000	Motor vehicles £'000	Total £'000
At 31st December 2015					
Opening net book amount	**210**	**43,660**	**14,163**	**3,372**	**61,405**
Exchange differences	2	(498)	(574)	(197)	**(1,267)**
Additions	-	8,050	6,039	1,094	**15,183**
Companies acquired	-	452	345	13	**810**
Companies disposed	-	-	(22)	-	**(22)**
Disposals	(193)	(166)	(368)	(615)	**(1,342)**
Depreciation charge	(1)	(5,463)	(4,965)	(1,171)	**(11,600)**
Closing net book amount	**18**	**46,035**	**14,618**	**2,496**	**63,167**
At 31st December 2015					
Cost	63	88,093	88,076	5,769	**182,001**
Accumulated depreciation	(45)	(42,058)	(73,458)	(3,273)	**(118,834)**
Closing net book amount	**18**	**46,035**	**14,618**	**2,496**	**63,167**
At 31st December 2014					
Opening net book amount	359	41,430	14,106	3,820	59,715
Exchange differences	(3)	37	(126)	(160)	(252)
Additions	-	7,111	4,838	1,422	13,371
Companies acquired	-	413	488	11	912
Disposals	(99)	(223)	(345)	(427)	(1,094)
Depreciation charge	(47)	(5,108)	(4,798)	(1,294)	(11,247)
Closing net book amount	210	43,660	14,163	3,372	61,405
At 31st December 2014					
Cost	365	82,333	85,400	6,493	174,591
Accumulated depreciation	(155)	(38,673)	(71,237)	(3,121)	(113,186)
Closing net book amount	210	43,660	14,163	3,372	61,405
At 31st December 2013					
Cost	570	75,827	80,822	6,738	163,957
Accumulated depreciation	(211)	(34,397)	(66,716)	(2,918)	(104,242)
Closing net book amount	359	41,430	14,106	3,820	59,715

The net book amount of property, plant and equipment held under finance leases is as follows:

	2015 £'000	2014 £'000
Furniture, equipment and motor vehicles	**650**	715

14. Investments in associates

On 6th May 2015, the Group disposed of its stake in its principal associate Milestone, the holding company of Siaci Saint Honoré. Milestone, in the opinion of the directors, was the only material associate to the Group during the year. The associate had share capital consisting solely of ordinary shares, which was held directly by the Group; the country of incorporation or registration was also its principal place of business.

Nature of investment in associates 2015 and 2014:

Name of entity	Place of business/ country of incorporation	% of ownership interest (2015)	% of ownership interest (2014)	Nature of the relationship	Measurement method
Milestone (Siaci Saint Honoré)	France	-	26.18%	Note 1	Equity

Note 1: Siaci Saint Honoré is a leading independent provider of insurance broking and employee benefit services to major French companies and multinational corporations.

Milestone is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associate.

Summarised financial information for associates

Set out below is the summarised financial information for Siaci Saint Honoré which is accounted for using the equity method. The Group does not report any Balance Sheet information at the Balance Sheet date following the disposal of its stake. The results during the period of ownership in 2015 are reported under the Summarised Income Statement and Statement of Comprehensive Income.

Summarised Balance Sheet

	Siaci	
	2015 £'000	2014 £'000
Current		
Cash and cash equivalents	-	152,319
Other current assets (excluding cash)	-	121,129
Total current assets	**-**	273,448
Financial liabilities (excluding trade payables)	-	(27,422)
Other current liabilities (including trade payables)	-	(291,844)
Total current liabilities	**-**	(319,266)
Non current		
Assets	**-**	283,332
Financial liabilities	-	(15,609)
Other liabilities	-	(18,312)
Total non-current liabilities	**-**	(33,921)
Net assets	**-**	203,593

14. Investments in associates continued

Summarised Income Statement and Statement of Comprehensive Income

	Siaci	
	2015	2014
	£'000	£'000
Revenue	54,820	174,045
Depreciation and amortisation	(2,132)	(9,524)
Interest income	1,018	2,122
Interest expense	(73)	(1,950)
Profit from continuing operations	**22,078**	28,994
Income tax expense	(7,200)	(10,373)
Profit after tax from continuing operations	**14,878**	18,621
Other comprehensive income	**-**	1,803
Total comprehensive income	**14,878**	20,424

The income statement above includes the exceptional item of nil (2014: £2,090,000).

Nil dividends were received in 2015 (2014: nil).

Reconciliation of summarised financial information

Reconcilliation of the summarised financial information presented to the carrying amount of its interest in associates.

	Siaci		Others		Total	
	2015	2014	**2015**	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Opening net assets	**203,594**	198,591	**30,176**	27,484	**233,770**	226,075
Acquisition during the year	-	-	-	543	-	543
Disposal during the year	(208,416)	-	-	-	(208,416)	-
Profit for the year	14,878	18,621	6,671	9,281	21,549	27,902
Other comprehensive income	-	1,803	167	-	167	1,803
Dividends	-	(507)	(2,306)	(7,184)	(2,306)	(7,691)
Change in non-controlling interests	(491)	(905)	90	-	(401)	(905)
Capital increase	-	-	1,677	1,764	1,677	1,764
Exchange differences	(9,565)	(14,010)	(1,403)	(1,712)	(10,968)	(15,721)
Closing net assets	**-**	203,593	**35,072**	30,176	**35,072**	233,770
Carrying value	**-**	58,792	**41,180**	41,858	**41,180**	100,650

15. Available-for-sale financial assets

Available-for-sale financial assets are categorised into one of two categories:

1) Investments and deposits, consist mainly of fixed term deposits, bonds and certificates of deposit. These investments are held at fair value and are classified between current and non-current assets according to the maturity date.

2) Other investments include securities and other investments held for strategic purposes. These investments are held at fair value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment.

	Other investments £'000	Investments & deposits £'000	Total £'000
At 1st January 2015	**4,746**	**9,642**	**14,388**
Exchange differences	194	(571)	**(377)**
Additions	1,964	5,081	**7,045**
Disposals/maturities	(243)	(5,099)	**(5,342)**
Revaluation deficit (included within equity)	(82)	(4)	**(86)**
Amounts to be written off	(143)	-	**(143)**
At 31st December 2015	**6,436**	**9,049**	**15,485**
Analysis of available-for-sale financial assets			
Current	-	19	**19**
Non-current	6,436	9,030	**15,466**
At 31st December 2015	**6,436**	**9,049**	**15,485**
Analysis of available-for-sale investments & deposits			
Fiduciary funds		8,894	
Own funds		155	
At 31st December 2015		**9,049**	
At 1st January 2014	5,948	17,819	23,767
Exchange differences	173	(255)	(82)
Additions	-	5	5
Companies acquired	31	-	31
Disposals/maturities	(1,538)	(7,916)	(9,454)
Revaluation gain/(deficit) (included within equity)	265	(11)	254
Amounts to be written off	(133)	-	(133)
At 31st December 2014	4,746	9,642	14,388
Analysis of available-for-sale financial assets			
Current	-	5,384	5,384
Non-current	4,746	4,258	9,004
At 31st December 2014	4,746	9,642	14,388
Analysis of available-for-sale investments & deposits			
Fiduciary funds		9,518	
Own funds		124	
At 31st December 2014		9,642	

The credit quality of available-for-sale investments and deposits is assessed by reference to external credit ratings, where available, and other current and historical credit data including counterparty default rates. This is summarised as follows:

	2015 £'000	2014 £'000
AA	4,133	9,637
A	4,916	5
Total	**9,049**	9,642

16. Derivative financial instruments

	At 31st December 2015		At 31st December 2014	
	Assets £'000	**Liabilities £'000**	Assets £'000	Liabilities £'000
Interest rate swaps - fair value hedges	11,654	(5,490)	10,099	(11,453)
Forward foreign exchange contracts - cash flow hedges	23,574	(11,725)	11,516	(6,897)
Redemption liabilities - option contracts	-	(22,626)	-	-
Total	**35,228**	**(39,841)**	21,615	(18,350)
Current	1,544	(6,115)	3,101	(2,491)
Non-current	33,684	(33,726)	18,514	(15,859)
Total	**35,228**	**(39,841)**	21,615	(18,350)

The credit quality of counterparties with whom derivative financial assets are held is assessed by reference to external credit ratings, where available, and other current and historical credit data including counterparty default rates. This is summarised as follows:

	2015 £'000	2014 £'000
AA	16,419	5,609
AA/A	2,973	2,370
BBB	15,836	13,636
Total	**35,228**	21,615

Maturity analysis

The table below analyses the Group's derivative financial instruments, which will be settled on a gross basis, into relevant maturity groupings based upon the remaining period at the balance sheet date to contractual maturity. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year £'000	**Greater than 1 year £'000**
At 31st December 2015		
Forward foreign exchange contracts		
Outflow	**(275,406)**	**(442,156)**
Inflow	**269,827**	**461,276**
At 31st December 2014		
Forward foreign exchange contracts		
Outflow	(268,743)	(508,000)
Inflow	271,866	501,809

The Group's treasury policies are approved by the Board and are implemented by a centralised treasury department. The treasury department operates within a framework of policies and procedures that establish specific guidelines to manage currency risk, liquidity risk and interest rate risk and the use of counterparties and financial instruments to manage these risks. The treasury department is subject to periodic review by internal audit.

The Group uses various derivative instruments including forward foreign exchange contracts, interest rate swaps and, from time to time, foreign currency collars and options to manage the risks arising from variations in currency and interest rates. Derivative instruments purchased are primarily denominated in the currencies of the Group's main markets.

Where forward foreign exchange contracts have been entered into to manage currency risk, they are designated as hedges of currency risk on specific future cash flows, and qualify as highly probable transactions for which hedge accounting is applied. The Group anticipates that hedge accounting requirements will continue to be met on its foreign currency and interest rate hedging activities and that no material ineffectiveness will arise which will result in gains or losses being recognised through the income statement.

The fair value of financial derivatives based upon market values as at 31st December 2015 and designated as effective cash flow hedges was a net asset of £11.8 million and has been deferred in equity (2014: net asset of £4.6 million). Gains and losses arising on derivative instruments outstanding as at 31st December 2015 will be released to the income statement at various dates up to:

i) 33 months in respect of cash flow hedges on currency denominated UK earnings.

ii) 14 years in respect of specific hedges on USD denominated long-term debt drawn under the Group's USD private placement programme.

iii) 11 years in respect of interest rate hedges on sterling denominated long term debt drawn under the Group's private placement programme.

No material amounts were transferred to the income statement during the year in respect of the fair value of financial derivatives.

Transactions maturing within 12 months of the balance sheet date are classified in current maturities. Transactions maturing in a period in excess of 12 months of the balance sheet date are classified as non-current maturities.

a) Forward foreign exchange contracts

The Group's major currency transaction exposure arises in USD and the Group continues to adopt a prudent approach in actively managing this exposure. As at 31st December 2015 the Group had outstanding foreign exchange contracts, principally in USD, amounting to a principal value of £731,103,000 (2014: £773,675,000).

As a guide, each 1 cent movement in the achieved rate (taking into account the hedges in place) currently translates into a change of approximately £1.5 million in revenue, with a corresponding impact on trading profit equal to approximately 70% of the revenue change.

b) Interest rate swaps

The Group uses interest rate hedges, principally interest rate swaps, to mitigate the impact of changes in interest rates. The notional principal amount of outstanding cross currency interest rate swaps as at 31st December 2015 was USD500,000,000 and £75,000,000 (2014: USD500,000,000 and £75,000,000). A net gain of £6.2 million (2014: net loss £1.4 million) on these instruments was offset by a fair value loss of £6.2 million (2014: gain £1.4 million) on the private placement loans, both of which were recognised in the income statement in the year.

c) Redemption liabilities

The redemption liabilities represent the valuation of the put options provided in the shareholders agreements of JLT Specialty Insurance Services Inc., JLT Sigorta ve Reasurans Brokerligi Ltd Sirketi and JLT SCK Corretora e Administradora de Seguros Ltda respectively being £19,721,000, £1,349,000 and £1,556,000. The recognition of these liabilities resulted in a reduction in equity, related to transactions with non-controlling interests of £18,482,000.

d) Price risk

The Group does not have a material exposure to commodity price risk.

The maximum exposure to credit risk at the reporting date is the fair value of the derivatives in the balance sheet.

17. Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	368,215	343,343
Less: provision for impairment of trade receivables	(15,018)	(10,724)
Trade receivables - net	**353,197**	332,619
Other receivables	152,282	144,305
Prepayments	23,116	16,723
	528,595	493,647

As at 31st December 2015, the Group had exposures to individual trade counterparties within trade receivables. In accordance with Group policy, Group operating companies continually monitor exposures against credit limits and concentration of risk. No individual trade counterparty credit exposure is considered significant in the ordinary course of trading activity. Management does not expect any significant losses from non-performance by trade counterparties that have not been provided for.

Movements on the Group provision for impairment of trade receivables are as follows:

	2015 £'000	2014 £'000
At 1st January	**(10,724)**	(11,375)
Currency translation adjustments	(26)	(113)
Companies acquired	(28)	(889)
Provisions for impairment of trade receivables	(9,849)	(3,692)
Receivables written off during the year as uncollectible	2,499	3,652
Unused amounts reversed	3,110	1,693
At 31st December	**(15,018)**	(10,724)

The creation and release of provision for impaired receivables have been included in 'other operating costs' in the income statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The following table sets out details of the age of trade receivables that are not overdue as well as an analysis of overdue amounts impaired and provided for.

At 31st December 2015	Trade receivables £'000	Provision for impairment £'000	Net trade receivables £'000
Not overdue	270,706	-	**270,706**
Past due not more than three months	60,212	(539)	**59,673**
Past due more than three months and not more than six months	19,002	(2,600)	**16,402**
Past due more than six months and not more than one year	8,512	(2,975)	**5,537**
Past due more than one year	9,783	(8,904)	**879**
	368,215	**(15,018)**	**353,197**

At 31st December 2014	Trade receivables £'000	Provision for impairment £'000	Net trade receivables £'000
Not overdue	241,051	-	241,051
Past due not more than three months	69,783	(244)	69,539
Past due more than three months and not more than six months	16,556	(1,964)	14,592
Past due more than six months and not more than one year	8,586	(3,252)	5,334
Past due more than one year	7,367	(5,264)	2,103
	343,343	(10,724)	332,619

18. Cash and cash equivalents

	2015 £'000	2014 £'000
Cash at bank and in hand	463,665	438,179
Short-term bank deposits	437,422	433,067
	901,087	871,246
Fiduciary funds	723,409	732,974
Own funds	177,678	138,272
	901,087	871,246

Fiduciary funds represent client money held in the form of premiums due to underwriters, claims paid by insurers and due to policyholders, and funds held to defray commissions and other income. Fiduciary funds are not available for general corporate purposes.

The credit quality of cash at bank and in hand and short-term deposits is assessed by reference to external credit ratings, where available and other current and historical credit data including counterparty default rates. This is summarised as follows:

	2015 £'000	2014 £'000
AAA	12,237	34,195
AA	336,311	295,499
AA/A	112,869	105,526
A	107,744	253,521
BBB	327,567	175,862
Other	4,359	6,643
Total	**901,087**	871,246

The effective interest rate in respect of short-term deposits was 0.87% (2014: 0.53%). These deposits have an average maturity of 24 days (2014: 15 days).

19. Trade and other payables

	2015 £'000	2014 £'000
Insurance payables	**732,303**	742,492
Social security and other taxes	**17,161**	17,234
Other payables	**181,147**	134,377
Accruals and deferred income	**137,905**	124,058
Deferred and contingent consideration	**17,762**	19,383
	1,086,278	1,037,544

All payables are considered current as the non-current portion is not material.

20. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

At 31st December 2015 Assets per balance sheet	Loans and receivables £'000	Derivatives used for hedging £'000	Available-for-sale £'000	Total £'000
Available-for-sale financial assets	-	-	15,485	**15,485**
Derivative financial instruments	-	35,228	-	**35,228**
Trade and other receivables (a)	505,479	-	-	**505,479**
Cash and cash equivalents	901,087	-	-	**901,087**
Total	**1,406,566**	**35,228**	**15,485**	**1,457,279**

Liabilities per balance sheet	Derivatives used for hedging £'000	Other financial liabilities £'000	Total £'000
Borrowings	-	(603,582)	**(603,582)**
Trade and other payables (b)	-	(948,373)	**(948,373)**
Redemption liabilities - option contracts	(22,626)	-	**(22,626)**
Derivative financial instruments	(17,215)	-	**(17,215)**
Total	**(39,841)**	**(1,551,955)**	**(1,591,796)**

At 31st December 2014 Assets per balance sheet	Loans and receivables £'000	Derivatives used for hedging £'000	Available-for-sale £'000	Total £'000
Available-for-sale financial assets	-	-	14,388	14,388
Derivative financial instruments	-	21,615	-	21,615
Trade and other receivables (a)	476,924	-	-	476,924
Cash and cash equivalents	871,246	-	-	871,246
Total	1,348,170	21,615	14,388	1,384,173

Liabilities per balance sheet	Derivatives used for hedging £'000	Other financial liabilities £'000	Total £'000
Borrowings	-	(612,237)	(612,237)
Trade and other payables (b)	-	(913,486)	(913,486)
Derivative financial instruments	(18,350)	-	(18,350)
Total	(18,350)	(1,525,723)	(1,544,073)

(a) Prepayments are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.
(b) Non-financial liabilities are excluded from the trade and other payables balance, as this analysis is required only for financial instruments.

20. Financial instruments by category continued

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st December 2015.

At 31st December 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Derivatives used for hedging	-	35,228	-	**35,228**
Available-for-sale financial assets				
- equity securities	311	-	1,312	**1,623**
- debt investments	-	-	4,813	**4,813**
- fixed deposits	9,049	-	-	**9,049**
Total	**9,360**	**35,228**	**6,125**	**50,713**
Liabilities				
Deferred and contingent consideration	-	-	(17,762)	**(17,762)**
Redemption liabilities - option contracts	-	-	(22,626)	**(22,626)**
Derivatives used for hedging	-	(17,215)	-	**(17,215)**
Total	**-**	**(17,215)**	**(40,388)**	**(57,603)**

At 31st December 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Derivatives used for hedging	-	21,615	-	21,615
Available-for-sale financial assets				
- equity securities	402	-	4,088	4,490
- debt investments	256	-	-	256
- fixed deposits	9,642	-	-	9,642
Total	10,300	21,615	4,088	36,003
Liabilities				
Deferred and contingent consideration	-	-	(19,383)	(19,383)
Derivatives used for hedging	-	(18,350)	-	(18,350)
Total	-	(18,350)	(19,383)	(37,733)

Apart from where disclosed, there are no differences between the fair value and the carrying value of financial assets and liabilities.

Instruments included in level 1 are financial instruments traded in active markets for which the fair value is based upon quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Instruments included in level 2 are financial instruments that are not traded in an active market (for example, over-the-counter derivatives) and for which the fair value is determined by using internal and external models. These models maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Level 2 includes derivatives used for hedging. The valuations of which are performed using a discounted cash flow methodology incorporating observable market forward foreign exchange and interest rates.

During the year there were no transfers between level 1 and level 2.There were no changes in valuation techniques during the year.

Instruments included in level 3 are financial instruments for which one or more of the significant inputs is not based on observable market data. In respect of deferred and contingent consideration and Redemption liabilities – option contracts, unobservable inputs include management's assessment of the expected future performance of relevant acquired businesses and are valued using a discounted cash flow methodology.

A 1% movement in the discount rate applied in the calculation of the redemption liability in respect of JLT Specialty Insurance Services Inc., the largest item within the redemption liability, would result in a change of the overall redemption liability of 9%.

A reconciliation of the movements in level 3 is provided below:

	Assets Level 3 £'000	Liabilities Level 3 £'000
At 1st January 2015	**4,088**	**(19,383)**
Exchange differences	216	150
Additions	1,964	-
Companies acquired	-	(24,539)
Utilised in the year	-	4,264
Charged to income statement	(143)	(880)
At 31st December 2015	**6,125**	**(40,388)**

Of the £143,000 charged to the income statement, £131,000 is included in net finance costs and £12,000 in other operating costs.

Of the £880,000 charged to the income statement, £1,567,000 is included in net finance costs and £687,000 is credited in other operating costs.

21. Borrowings (unaudited)

	2015 £'000	2014 £'000
Current		
Bank overdraft	21,702	18,145
Bank borrowings	418	150,216
Finance lease liabilities	218	225
	22,338	168,586
Non current		
Unsecured loan notes	419,394	393,203
Bank borrowing	161,435	49,916
Finance lease liabilities	415	532
	581,244	443,651
Total borrowings	**603,582**	612,237

The borrowings include secured liabilities (finance leases) of £633,000 (2014: £757,000).

The exposure of the borrowings of the Group to interest rate changes and the periods in which the borrowings re-price are as follows:

	6 months or less £'000	6-12 months £'000	1-5 years £'000	Over 5 years £'000	Fixed rate £'000	Total £'000
At 31st December 2015	**557,334**	**-**	**418**	**-**	**45,830**	**603,582**
At 31st December 2014	569,769	-	413	-	42,055	612,237

The effective interest rates at the balance sheet date were as follows:

	2015 £'000	2014 £'000
Bank overdraft	**-**	-
Unsecured loan notes - private placement	**2.84%**	2.75%
Bank borrowings	**1.53%**	2.20%
Finance lease liabilities	**8.14%**	8.33%

21. Borrowings (unaudited) continued

Maturity of non-current borrowings (excluding finance lease liabilities):

	2015 £'000	2014 £'000
Between 1 and 2 years	30,220	49,916
Between 2 and 3 years	6	27,444
Between 3 and 4 years	-	-
Between 4 and 5 years	56,092	-
Over 5 years	494,511	365,759
	580,829	443,119

Finance lease liabilities - minimum lease payments:

	2015 £'000	2014 £'000
No later than 1 year	255	267
Later than 1 year and no later than 2 years	204	244
Later than 2 years and no later than 3 years	142	190
Later than 3 years and no later than 4 years	80	100
Later than 4 years and no later than 5 years	31	50
Later than 5 years	-	2
	712	853
Future finance charges on finance leases	(79)	(96)
Present value of finance lease liabilities	**633**	757

The present value of finance lease liabilities is as follows:

	2015 £'000	2014 £'000
No later than 1 year	218	225
Later than 1 year and no later than 2 years	180	214
Later than 2 years and no later than 3 years	127	171
Later than 3 years and no later than 4 years	73	91
Later than 4 years and no later than 5 years	35	54
Later than 5 years	-	2
	633	757

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

21. Borrowings (unaudited) continued

The carrying amount of the Group's borrowings are denominated in the following currencies:

	2015 £'000	2014 £'000
Sterling	263,729	290,403
US Dollar	338,796	320,657
Other currencies	1,057	1,177
	603,582	612,237

Borrowing facilities

The Group has undrawn committed borrowing facilities of:

	2015 £'000	2014 £'000
Floating rate		
- expiring within one year	**-**	150,000
- expiring beyond one year	**336,000**	-

Facilities expiring within one year relate to:

a) The committed unsecured £50 million revolving credit facility in the name of JIB Group Limited which matures in November 2016. As at the balance sheet date, drawings under the revolving credit facilities are subject to a margin of 150 basis points above the relevant LIBOR interest rate and additional commitment fees on the undrawn facility.

The Group has agreed with its relationship banks the renewal of the above facility for a new 5 year term maturing in February 2021 and to bring it within the Group's core revolving credit facility.

Facilities expiring beyond one year relate to:

b) The committed unsecured £450 million revolving credit facilities in the name of JIB Group Limited which matures in February 2020. As at the balance sheet date, drawings under the revolving credit facilities are subject to a margin and fees of 115 basis points above the relevant LIBOR interest rate and additional commitment fees on the undrawn facility.

In January 2016, the Group agreed with its relationship banks to exercise an extension option, under existing agreed terms, by a further one year to a new maturity date of February 2021.

c) Senior unsecured loan notes totalling USD125 million issued by JIB Group Limited under the Group's 2010 private placement programme with maturities of USD42 million (£28.5 million) in September 2017 with a coupon of 5.02%, USD42 million (£28.5 million) in September 2020 with a coupon of 5.59% and USD41 million (£27.8 million) in September 2022 with a coupon of 5.69%. Drawings under the Group's private placement programme are swapped into sterling floating and are subject to an equivalent spread over LIBOR of between 227 and 238 basis points.

d) Senior unsecured loan notes totalling USD250 million issued by JIB Group Limited under the Group's 2012 private placement programme with maturities of USD40 million (£27.1 million) in January 2020 with a coupon of 3.21%, USD140 million (£95.0 million) in January 2023 with a coupon of 3.78% and USD70 million (£47.5 million) in January 2025 with a coupon of 3.93%. The proceeds of this placement have been swapped into sterling at fixed and LIBOR based floating rates and are subject to an equivalent spread over LIBOR of between 205 and 220 basis points.

e) Senior unsecured loan notes totalling £75 million issued by JIB Group Limited under the Group's April 2014 private placement programme maturing in April 2026 with a coupon of 4.27%. The proceeds of this placement have been swapped into LIBOR based floating rates and are subject to an equivalent spread over LIBOR of 150 basis points.

f) Senior unsecured loan notes totalling USD125 million issued by JIB Group Limited under the Group's October 2014 private placement programme with maturities of USD62.5 million (£42.4 million) in October 2026 with a coupon of 3.93% and USD62.5 million (£42.4 million) in October 2029 with a coupon of 4.13%. The proceeds of this private placement in October 2014 have been swapped into sterling at LIBOR based floating rates and are subject to an equivalent spread over LIBOR of between 146 and 157 basis points.

The terms and conditions of the Group's facilities include common debt and interest cover covenants with which the Group expects to continue to comply.

Liquidity risk

Liquidity risk arises from an inability to maintain an optimal cost of capital or meet the short term financial demands of the business. The Group has implemented the following steps to mitigate the risk:

- Management reviews of business unit balance sheets and cash flows
- Maintenance of committed credit facilities
- Compliance with regulatory minimum capital requirements and regular stress testing
- Maintenance of a conservative funding profile.

22. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

	Assets		Liabilities		Net	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Property, plant and equipment	2,105	2,400	(746)	(549)	1,359	1,851
Provisions	11,588	10,027	(910)	(883)	10,678	9,144
Losses	2,986	3,975	-	-	2,986	3,975
Deferred income	285	364	(8,619)	(7,773)	(8,334)	(7,409)
Other intangibles	2,436	1,827	(48)	(43)	2,388	1,784
Goodwill	237	244	(6,024)	(4,379)	(5,787)	(4,135)
Other	7,033	4,614	(2,933)	(1,878)	4,100	2,736
Pensions	22,125	33,119	(93)	(149)	22,032	32,970
Share based payments	6,554	8,032	-	-	6,554	8,032
Fair values	-	-	(1,931)	(817)	(1,931)	(817)
Tax assets/(liabilities)	**55,349**	64,602	**(21,304)**	(16,471)	**34,045**	48,131
Set off of tax	(4,326)	(2,574)	4,326	2,574	-	-
Net tax assets/(liabilities)	**51,023**	62,028	**(16,978)**	(13,897)	**34,045**	48,131

The majority of the deferred tax is not expected to reverse within 12 months.

	At 1st January 2015 £'000	**Exchange differences £'000**	**Credit/ (charge) to income £'000**	**Credit/ (charge) to equity £'000**	**Acquisitions/ disposals of sub £'000**	**At 31st December 2015 £'000**
Accelerated tax depreciation	1,851	(23)	(479)	-	10	**1,359**
Provisions	9,144	(414)	1,734	-	214	**10,678**
Losses	3,975	(619)	(370)	-	-	**2,986**
Deferred income	(7,409)	73	(998)	-	-	**(8,334)**
Other intangibles	1,784	(1)	605	-	-	**2,388**
Goodwill	(4,135)	(192)	(1,473)	-	13	**(5,787)**
Other	2,736	1,702	(337)	-	(1)	**4,100**
Pensions	32,970	(17)	1,083	(12,004)	-	**22,032**
Share based payments	8,032	-	(365)	(1,113)	-	**6,554**
Fair values	(817)	-	-	(1,114)	-	**(1,931)**
Net tax assets	**48,131**	**509**	**(600)**	**(14,231)**	**236**	**34,045**

The total current and deferred income tax charged to equity during the year is as follows:

	At 1st January 2015 £'000	**Credit/ (charge) to equity £'000**	**At 31st December 2015 £'000**
Pensions	43,207	(8,856)	**34,351**
Share based payments	11,243	790	**12,033**
Fair values:			
- foreign exchange	1,699	(1,715)	**(16)**
- available-for-sale	(92)	62	**(30)**
	1,607	(1,653)	**(46)**
	56,057	**(9,719)**	**46,338**

22. Deferred income taxes continued

Deferred tax assets are recognised to the extent that the realisation of the related tax benefits through the future taxable profits is considered probable. A deferred tax asset relating to tax losses of £7,660,000 (2014: £2,991,000) has not been recognised in the balance sheet in respect of certain of the Group's operations, principally US, Singapore and Japan, where it is considered likely that the losses will expire before use. A deferred tax asset relating to other deferred tax balances of £5,030,000 (2014: £3,163,000) has not been recognised in the balance sheet in respect of certain of the Group's overseas operations, principally the US, where it is considered that the asset is unlikely to be realised in the short term.

Deferred tax liabilities have not been recognised on temporary differences of £86 million (2014: £60 million) representing the unremitted earnings of subsidiaries and joint ventures. Such amounts are permanently reinvested. Deferred tax liabilities have not been recognised on temporary differences of nil (2014: nil) representing unremitted earnings of associates.

23. Provisions for liabilities and charges

	Property related provisions £'000	Litigation provisions £'000	Other £'000	Total £'000
At 1st January 2015	**4,881**	**5,570**	**362**	**10,813**
Exchange differences	19	30	-	**49**
Reclassification from current liabilities	462	-	-	**462**
Utilised in the year	(3,372)	(3,710)	(8)	**(7,090)**
(Credited)/charged to the income statement	(690)	16,333	(240)	**15,403**
Interest charge	-	-	-	**-**
Companies acquired	-	-	-	**-**
At 31st December 2015	**1,300**	**18,223**	**114**	**19,637**
At 1st January 2014	8,049	6,354	707	15,110
Exchange differences	1	25	-	26
Utilised in the year	(3,844)	(1,559)	-	(5,403)
Charged/(credited) to the income statement	1,292	750	(345)	1,697
Interest charge	10	-	-	10
Companies acquired	(627)	-	-	(627)
At 31st December 2014	4,881	5,570	362	10,813

	2015 £'000	2014 £'000
Analysis of total provisions		
Current - to be utilised within one year	18,594	7,588
Non-current - to be utilised in more than one year	1,043	3,225
	19,637	10,813

Property related provisions

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provision is made for the future rental cost of vacant property and expected dilapidation expenses. In calculating the provision required, account is taken of the duration of the lease and any recovery of cost achievable from subletting. Property provisions occur principally in the US and UK and relate to a variety of lease commitments. The longest lease term expires in 2025.

Litigation provisions

At any point in time the Group can be involved in a variety of litigation and dispute issues. A provision is established in respect of such issues when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated. The Group analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability. Where appropriate the Group also provides for the cost of defending or initiating such matters. However, the final outcome could differ materially from the amount provided.

The amount charged to the income statement in 2015 includes litigation cost related to employment contract disputes.

23. Provisions for liabilities and charges continued

Where a litigation provision has been made it is stated gross of any third party recovery. All such recoveries are included as "other receivables" within trade and other receivables. At 31st December 2015, in connection with certain litigation matters, the Group's litigation provisions include an amount of £0.1 million (2014: £0.1million) to reflect this gross basis and the corresponding insurance recovery has been included within trade and other receivables. This presentation has had no effect on the consolidated income statement for the year ended 31st December 2015 (2014: nil).

Other

Other provisions include provisions for clawback of commission which arises on certain types of Employee Benefits contracts.

24. Share capital and premium

	Number of shares	Ordinary shares £'000	Share premium £'000	Total £'000
Allotted, called up and fully paid				
At 1st January 2014	220,084,602	11,003	103,739	114,742
Issued during the year	51,965	3	202	205
At 31st December 2014	220,136,567	11,006	103,941	114,947
Issued during the year	34,440	2	133	135
At 31st December 2015	**220,171,007**	**11,008**	**104,074**	**115,082**

Ordinary shares carry rights to dividends, voting and proceeds on winding up and have a par value of £0.05.

During the year the Company issued 34,440 (2014: 51,965) ordinary shares for a consideration of £134,532 (2014: £204,792) following exercises by executives of options held under the Jardine Lloyd Thompson Group plc Executive Share Option Scheme.

The Employee Benefit Trust holds 8,994,952 ordinary shares (2014: 9,280,816) acquired to settle employee share based payments. Acquisitions of such shares are booked directly to equity.

25. Non-controlling interests

The Group's total non-controlling interests' financial position for the year is £18,465,000 of which £6,153,000 is attributed to JLT's Private Client Services group of business (PCS). PCS is defined as a material non-controlling interest to the Group. The non-controlling interests in respect of other entities are not individually material.

Set out below is the summarised financial information for PCS.

Summarised Balance Sheet

	2015 £'000	2014 £'000
Current		
Assets	49,451	37,892
Liabilities	(28,535)	(17,400)
Total	**20,916**	20,492
Non-current		
Assets	2,998	2,022
Liabilities	(312)	(345)
Total	**2,686**	1,677
Net assets	**23,602**	22,169

25. Non-controlling interests continued

Summarised Statement of Comprehensive Income

	2015 £'000	2014 £'000
Revenue	55,357	49,661
Profit for the year	**18,195**	18,115
Other comprehensive income	95	-
Total comprehensive income for the year	**18,290**	18,115
Total comprehensive income attributable to non-controlling interests	4,575	6,583
Dividends paid to non-controlling interests	4,289	6,445

Summarised Statement of Cash Flows

	2015 £'000	2014 £'000
Net cash generated from operating activities	34,522	17,168
Net cash used in investing activities	(1,403)	(303)
Net cash used in financing activites	(17,340)	(12,968)
Net increase in cash and cash equivalents	**15,779**	**3,897**

The information above is the amount before inter-company eliminations.

26. Other reserves

	Share premium £'000	Fair value and hedging reserves £'000	Exchange reserves £'000	Total £'000
At 1st January 2015	**103,941**	**(234)**	**(5,033)**	**98,674**
Fair value (losses)/gains net of tax:				
- available-for-sale	-	(34)	-	**(34)**
- available-for-sale reclassified to the income statement	-	10	-	**10**
- cash flow hedges	-	(12,569)	-	**(12,569)**
Currency translation differences	-	-	(12,247)	**(12,247)**
Net losses recognised directly in equity	**-**	**(12,593)**	**(12,247)**	**(24,840)**
Issue of share capital	133	-	-	**133**
At 31st December 2015	**104,074**	**(12,827)**	**(17,280)**	**73,967**

	Share premium £'000	Fair value and hedging reserves £'000	Exchange reserves £'000	Total £'000
At 1st January 2014	103,739	17,224	(1,999)	118,964
Fair value gains/(losses) net of tax:				
- available-for-sale	-	203	-	203
- available-for-sale reclassified to the income statement	-	(204)	-	(204)
- cash flow hedges	-	(17,457)	-	(17,457)
Currency translation differences	-	-	(3,034)	(3,034)
Net losses recognised directly in equity	-	(17,458)	(3,034)	(20,492)
Issue of share capital	202	-	-	202
At 31st December 2014	103,941	(234)	(5,033)	98,674

27. Qualifying Employee Share Ownership Trust

During the year, the Qualifying Employee Share Ownership Trust (QUEST) allocated nil ordinary shares to employees in satisfaction of options that have been exercised under the Sharesave schemes (2014: nil).

28. Cash generated from operations

	2015 £'000	2014 £'000
Profit before taxation	**155,027**	159,736
Investment and finance income	**(5,301)**	(5,924)
Interest payable on bank loans and finance leases	**16,782**	16,851
Fair value losses/(gains) on available-for-sale financial assets	**41**	(16)
Net pension financing expenses	**6,124**	5,830
Unwinding of liability discounting	**1,567**	291
Depreciation	**11,600**	11,247
Amortisation of other intangible assets	**31,310**	24,744
Amortisation of share based payments	**20,075**	18,837
Share of results of associates' undertakings	**(5,531)**	(7,306)
Non cash exceptional items	**21,959**	3,176
Losses/(gains) on disposal of businesses	**527**	(359)
Losses on disposal of property, plant and equipment	**60**	53
Losses/(gains) on disposal of available-for-sale financial assets	**72**	(332)
Gain on sale of associates	**(19,142)**	-
Increase in trade and other receivables	**(23,475)**	(72,947)
Increase in trade and other payables - excluding insurance broking balances	**36,806**	18,406
Decrease in provisions for liabilities and charges	**(7,833)**	(3,706)
Decrease in retirement benefit obligations	**(11,021)**	(9,282)
Net cash inflow from operations	**229,647**	159,299

29. Business combinations

Adjustments in respect of prior year acquisitions

During the year, the deferred consideration booked in respect of acquisitions completed in previous years has been revised following either the final settlement of amounts due, the revision of amounts due or the revision of estimates based on performance conditions.

Revision of deferred consideration impacting goodwill	Deferred consideration at 31st Dec 2014 £'000	Change in estimated deferred consideration £'000	Deferred consideration at 31st Dec 2015 £'000
Heath Lambert Aviation - Virginia	397	(397)	-

2014 acquisitions

During the year, the process of finalising the provisional fair values in respect of acquisitions carried out during 2014 has been completed.

	Revised fair value acquired £'000	Provisional fair value reported at 31st Dec 2014 £'000	Change in fair value £'000
The Hayward Holding Group Limited	7,281	7,257	24
Ensign Pensions Administration Limited	4,707	4,707	-
Others	497	467	30
	12,485	**12,431**	**54**

These changes in fair value affected the following balance sheet classes:

	Revised fair value acquired £'000	Provisional fair value reported at 31st Dec 2014 £'000	Change in fair value £'000
Property, plant and equipment	738	727	11
Other intangible assets	3,967	3,978	(11)
Trade and other receivables	7,343	7,343	-
Cash and cash equivalents			
- own cash	4,566	4,566	-
- fiduciary cash	6,589	6,589	-
Insurance payables	(6,589)	(6,589)	-
Trade and other payables	(4,590)	(4,620)	30
Current taxation	(216)	(240)	24
Deferred taxation	260	260	-
Non-controlling interests	417	417	-
	12,485	**12,431**	**54**

Goodwill calculation	At 31st Dec 2015 £'000	At 31st Dec 2014 £'000	Change £'000
Purchase consideration			
- cash paid	44,976	44,784	192
- contingent consideration	2,955	2,955	-
- deferred consideration	568	572	(4)
Total purchase consideration	**48,499**	**48,311**	**188**
Less: fair value of net assets acquired	12,485	12,431	54
Less: equity movement on transactions with non-controlling interests	6,667	6,725	(58)
Goodwill	**29,347**	**29,155**	**192**

29. Business combinations continued

	At 31st Dec 2015 £'000	At 31st Dec 2014 £'000	Change £'000
Purchase consideration settled in cash	44,976	44,784	192
Cash and cash equivalents - own cash in subsidiaries acquired	(4,566)	(4,566)	-
	40,410	**40,218**	**192**
Cash and cash equivalents - fiduciary cash in subsidiaries acquired	(6,589)	(6,589)	-
Cash outflow on acquisition	**33,821**	**33,629**	**192**

Current year acquisitions

During the year the following new business acquisitions and additional investments were completed:

	Notes	Acquisition date	Percentage voting rights acquired	Cost £'000
Liberty Asset Management Group (LAM)	i	Jan 2015	100%	**5,195**
The Recovre Group Pty Ltd (Recovre)	ii	Mar 2015	100%	**7,581**
Alpha Consultants (2002) Limited (Alpha)	iii	Apr 2015	100%	**2,709**
Eikos Risk Application Proprietary Limited (Eikos)	iv	Oct 2015	100%	**3,699**
Close Brothers Asset Management (Close Brothers)	v	Nov 2015	100%	**3,748**
Pierre Leblanc & Associés SAS (PL&A)	vi	Nov 2015	100%	**3,247**
Acquisition of other new businesses completed during the year	vii	Jan - Dec 2015	Various	**4,258**
Additional investments in existing businesses	vii	Jan - Dec 2015	Various	**5,099**
				35,536

i) Acquisition of Liberty Asset Management Group

On 1st January 2015, the Group completed the acquisition of Liberty Asset Management Limited and Freedom Trust Services Limited in Ireland, a leading specialist in providing advice to companies and trustee boards on employee benefit arrangements and individuals on wealth management solutions. The acquired business contributed revenue of £3,638,000 and a net profit, including acquisition and integration costs incurred to date, of £95,000 to the Group for the period since acquisition.

Goodwill calculation	£'000
Purchase consideration	
- cash paid	5,195
Total purchase consideration	**5,195**
Less: fair value of net assets acquired	1,978
Goodwill	**3,217**

The assets and liabilities arising from the acquisition were as follows:

	Acquiree's carrying amount £'000	Fair value £'000
Other intangible assets	-	383
Trade and other receivables	503	503
Cash and cash equivalents		
- own cash	2,064	2,064
Trade and other payables	(945)	(945)
Current taxation	(37)	(37)
Deferred taxation	10	10
	1,595	**1,978**

29. Business combinations continued

	£'000
Purchase consideration settled in cash	5,195
Cash and cash equivalents - own cash in subsidiary acquired	(2,064)
Cash outflow on acquisition	**3,131**

As at 31st December 2015, the process of reviewing the fair values of net assets acquired had been completed.

None of the goodwill recognised is expected to be deductible for income tax purposes.

ii) Acquisition of The Recovre Group Pty Ltd

On 2nd March 2015, the Group acquired The Recovre Group Pty Ltd in Australia, a leading national provider of workplace health & safety and rehabilitation services. The acquired business contributed revenue of £11,095,000 and a net loss, including acquisition and integration costs incurred to date, of £297,000 to the Group for the period since acquisition. If the acquisition had taken place on 1st January 2015, we estimate the contribution to Group revenue would have been £13,085,000 and the net loss, including acquisition and integration costs incurred to date, would have been £214,000.

Goodwill calculation	£'000
Purchase consideration	
- cash paid	5,861
- contingent consideration	1,720
Total purchase consideration	**7,581**
Less: fair value of net assets acquired	1,741
Goodwill	**5,840**

The assets and liabilities arising from the acquisition were as follows:

	Acquiree's carrying amount £'000	Fair value £'000
Property, plant and equipment	568	568
Other intangible assets	59	943
Trade and other receivables	1,260	1,260
Cash and cash equivalents		
- own cash	215	215
Trade and other payables	(1,476)	(1,476)
Deferred taxation	231	231
	857	**1,741**

	£'000
Purchase consideration settled in cash	5,861
Cash and cash equivalents - own cash in subsidiary acquired	(215)
Cash outflow on acquisition	**5,646**

As at 31st December 2015, the process of reviewing the fair values of net assets acquired had not been completed, consequently the fair values stated above are provisional.

The contingent consideration of £1,720,000 is based upon expected revenues for periods ending up to two years following completion. It also includes a retention payment. The maximum amount of contingent consideration has been provided for.

None of the goodwill recognised is expected to be deductible for income tax purposes.

29. Business combinations continued

iii) Acquisition of Alpha Consultants (2002) Limited

On 1st April 2015, the Group acquired Alpha Consultants (2002) Limited in New Zealand, a vocational rehabilitation services provider. The acquired business contributed revenue of £1,035,000 and a net profit, including acquisition and integration costs incurred to date, of £85,000 to the Group for the period since acquisition. If the acquisition had taken place on 1st January 2015, we estimate the contribution to Group revenue would have been £1,453,000 and the net profit, including acquisition and integration costs incurred to date, would have been £179,000.

Goodwill calculation	£'000
Purchase consideration	
- cash paid	2,285
- contingent consideration	424
Total purchase consideration	**2,709**
Less: fair value of net assets acquired	509
Goodwill	**2,200**

The assets and liabilities arising from the acquisition were as follows:

	Acquiree's carrying amount £'000	Fair value £'000
Property, plant and equipment	24	24
Other intangible assets	-	406
Trade and other receivables	280	280
Bank overdraft	(1)	(1)
Trade and other payables	(94)	(94)
Finance lease liabilities	(11)	(11)
Current taxation	(66)	(66)
Deferred taxation	(29)	(29)
	103	**509**

	£'000
Purchase consideration settled in cash	2,285
Bank overdraft in subsidiary acquired	1
Cash outflow on acquisition	**2,286**

As at 31st December 2015, the process of reviewing the fair values of net assets acquired had not been completed, consequently the fair values stated above are provisional.

The contingent consideration of £424,000 is based upon the expected revenues of the business in the 12 months period ending 31st March 2017.

None of the goodwill recognised is expected to be deductible for income tax purposes.

29. Business combinations continued

iv) Acquisition of Eikos Risk Application Proprietary Limited

On 1st October 2015, the Group acquired Eikos Risk Application Proprietary Limited, a leading marine, transportation and logistics risk consulting and insurance broking business in South Africa. The acquired business contributed revenue of £501,000 and a net profit, including acquisition and integration costs incurred to date, of £61,000 to the Group for the period since acquisition. If the acquisition had taken place on 1st January 2015, we estimate the contribution to Group revenue would have been £2,080,000 and the net profit, including acquisition and integration costs incurred to date, would have been £384,000.

Goodwill calculation	£'000
Purchase consideration	
- cash paid	2,421
- contingent consideration	1,022
- deferred consideration	256
Total purchase consideration	**3,699**
Less: fair value of net assets acquired	975
Goodwill	**2,724**

The assets and liabilities arising from the acquisition were as follows:

	Acquiree's carrying amount £'000	Fair value £'000
Property, plant and equipment	10	10
Other intangible assets	-	487
Trade and other receivables	278	278
Cash and cash equivalents		
- own cash	282	282
- fiduciary cash	977	977
Insurance payables	(977)	(977)
Trade and other payables	(134)	(134)
Current taxation	28	28
Deferred taxation	24	24
	488	**975**

	£'000
Purchase consideration settled in cash	2,421
Cash and cash equivalents - own cash in subsidiary acquired	(282)
	2,139
Cash and cash equivalents - fiduciary cash in subsidiary acquired	(977)
Cash outflow on acquisition	**1,162**

As at 31st December 2015, the process of reviewing the fair values of net assets acquired had not been completed, consequently the fair values stated above are provisional.

The contingent consideration of £1,022,000 is based upon expected profit before tax of the business in the 12 months period ending 30th June 2017. The maximum amount of contingent consideration has been provided for.

The deferred consideration of £256,000 is based on the net current assets shown on the completion balance sheet.

None of the goodwill recognised is expected to be deductible for income tax purposes.

29. Business combinations continued

v) Acquisition of Close Brothers Asset Management (Employee benefits business)

On 9th November 2015, the Group acquired the employee benefits business of Close Brothers Asset Management, providing actuarial and administration services to trustees of defined benefit pension schemes and general consultancy to both trustees and sponsoring employers of such schemes. The acquired business contributed revenue of £846,000 and a net loss, including acquisition and integration costs incurred to date, of £11,000 to the Group for the period since acquisition. If the acquisition had taken place on 1st January 2015, we estimate the contribution to Group revenue would have been £5,814,000 and the net profit, including acquisition and integration costs incurred to date, would have been £198,000.

Goodwill calculation	£'000
Purchase consideration	
- cash paid	3,000
- contingent consideration	500
- deferred consideration	248
Total purchase consideration	**3,748**
Less: fair value of net assets acquired	580
Goodwill	**3,168**

The assets and liabilities arising from the acquisition were as follows:

	Acquiree's carrying amount £'000	Fair value £'000
Property, plant and equipment	4	4
Other intangible assets	-	352
Trade and other receivables	632	632
Cash and cash equivalents		
- own cash	75	75
Trade and other payables	(476)	(476)
Current taxation	(7)	(7)
	228	**580**

	£'000
Purchase consideration settled in cash	3,000
Cash and cash equivalents - own cash in subsidiary acquired	(75)
Cash outflow on acquisition	**2,925**

As at 31st December 2015, the process of reviewing the fair values of net assets acquired had not been completed, consequently the fair values stated above are provisional.

The contingent consideration of £500,000 is based upon expected revenues booked until 31st December 2016 following the completion date. The maximum amount of contingent consideration has been provided for.

The deferred consideration of £248,000 is based upon the net assets shown on the completion accounts. The amount recognised is based on the provisional amount of assets acquired as stated above.

None of the goodwill recognised is expected to be deductible for income tax purposes.

vi) Acquisition of Pierre Leblanc & Associés SAS

On 18th November 2015, the Group acquired Chauveau Investissements SA, the holding company of Pierre Leblanc & Associés SAS, a Paris based specialist providing credit risk consultancy. The acquired business contributed revenue of £96,000 and a net profit of £4,000 to the Group for the period since acquisition. If the acquisition had taken place on 1st January 2015, we estimate the contribution to Group revenue would have been £1,522,000 and the net profit would have been £551,000.

Goodwill calculation	£'000
Purchase consideration	
- cash paid	3,030
- contingent consideration	217
Total purchase consideration	**3,247**
Less: fair value of net assets acquired	990
Goodwill	**2,257**

29. Business combinations continued

The assets and liabilities arising from the acquisition were as follows:

	Acquiree's carrying amount £'000	Fair value £'000
Other intangible assets	551	716
Trade and other receivables	314	81
Cash and cash equivalents		
- own cash	436	436
- fiduciary cash	2,218	2,218
Insurance payables	(2,218)	(2,218)
Trade and other payables	(187)	(228)
Current taxation	(4)	(15)
	1,110	**990**

	£'000
Purchase consideration settled in cash	3,030
Cash and cash equivalents - own cash in subsidiary acquired	(436)
	2,594
Cash and cash equivalents - fiduciary cash in subsidiary acquired	(2,218)
Cash outflow on acquisition	**376**

As at 31st December 2015, the process of reviewing the fair values of net assets acquired had not been completed, consequently the fair values stated above are provisional.

The contingent consideration of £217,000 is based upon the expected own cash position as at 30th April 2016. The amount recognised is based on the provisional amount of assets acquired as stated above.

None of the goodwill recognised is expected to be deductible for income tax purposes.

vii) Other acquisitions and additional investments

Goodwill calculation	£'000
Purchase consideration	
- cash paid	6,325
- contingent consideration	2,071
- cancellation of loans	1,580
- other receivables	(619)
Total purchase consideration	**9,357**
Less: fair value of net assets acquired	1,157
Less: equity movement on transactions with non-controlling interests	4,162
Goodwill	**4,038**

The assets and liabilities arising from the acquisitions were as follows:

	Acquiree's carrying amount £'000	Fair value £'000
Property, plant and equipment	193	193
Other intangible assets	-	92
Trade and other receivables	572	572
Cash and cash equivalents		
- own cash	1,219	1,219
Trade and other payables	(1,706)	(1,706)
Non-controlling interests	787	787
	1,065	**1,157**

29. Business combinations continued

	£'000
Purchase consideration settled in cash	6,325
Cash and cash equivalents - own cash in subsidiary acquired	(1,219)
Cash outflow on acquisition	**5,106**

As at 31st December 2015, the process of reviewing the fair values of net assets acquired had not been completed, consequently the fair values stated above are provisional.

The contingent consideration of £2,071,000 relates to two acquisitions of which the largest (£1,899,000) is based upon expected client revenue as at 29th February 2016.

Goodwill of £2,226,000 is expected to be deductible for income tax purposes, the remaining goodwill is not expected to be deductible.

Group summary of the net assets acquired and goodwill

	LAM £'000	Recovre £'000	Alpha £'000	Eikos £'000	Close Brothers £'000	PL&A £'000	Others £'000	Total £'000
Purchase consideration								
- cash paid	5,195	5,861	2,285	2,421	3,000	3,030	6,325	**28,117**
- contingent consideration	-	1,720	424	1,022	500	217	2,071	**5,954**
- deferred consideration	-	-	-	256	248	-	-	**504**
- cancellation of loans	-	-	-	-	-	-	1,580	**1,580**
- other receivables	-	-	-	-	-	-	(619)	**(619)**
Total purchase consideration	**5,195**	**7,581**	**2,709**	**3,699**	**3,748**	**3,247**	**9,357**	**35,536**
Less: fair value of net assets aquired	1,978	1,741	509	975	580	990	1,157	**7,930**
Less: equity movement on transactions with non-controlling interests	-	-	-	-	-	-	4,162	**4,162**
Goodwill on acquisitions occurring during the year	**3,217**	**5,840**	**2,200**	**2,724**	**3,168**	**2,257**	**4,038**	**23,444**
Impact of revisions to deferred considerations								(397)
Impact of revision to fair value adjustment in relation to acquisitions completed in 2014								192
Net increase in goodwill								**23,239**
Impact of revisions to deferred considerations								(58)
Impact of additional investments								4,162
Net decrease in equity								**4,104**

Group summary of cash flows

	LAM £'000	Recovre £'000	Alpha £'000	Eikos £'000	Close Brothers £'000	PL&A £'000	Others £'000	Total £'000
Purchase consideration settled in cash	5,195	5,861	2,285	2,421	3,000	3,030	6,325	**28,117**
Cash and cash equivalents - own cash in subsidiaries acquired	(2,064)	(215)	-	(282)	(75)	(436)	(1,219)	**(4,291)**
Bank overdrafts in subsidiaries acquired	-	-	1	-	-	-	-	**1**
	3,131	**5,646**	**2,286**	**2,139**	**2,925**	**2,594**	**5,106**	**23,827**
Cash and cash equivalents - fiduciary cash in subsidiaries acquired	-	-	-	(977)	-	(2,218)	-	**(3,195)**
Cash outflow on acquisitions during the year	**3,131**	**5,646**	**2,286**	**1,162**	**2,925**	**376**	**5,106**	**20,632**
Impact on revision to fair value adjustment on cash in relation to acquisitions completed in 2014								192
Net cash outflow on acquisitions during the year								**20,824**

30. Business disposals

During the period the Group completed other disposals, none of which were individually significant.

Net assets and proceeds of disposal

	Total £'000
Goodwill	715
Property, plant and equipment	22
Trade and other receivables	9
Cash and cash equivalents	
- own cash	358
Trade and other payables	(273)
Current taxation	(46)
Deferred taxation	(1)
Non-controlling interests	1,268
Equity movement on transaction with non-controlling interest	2,424
	4,476
Loss on disposal	(527)
Proceeds on disposal	**3,949**

	Total £'000
Deferred proceeds	3,713
Cash inflow on disposal during the year	236
Total consideration	**3,949**

Group summary of cash flows

	Total £'000
Disposal consideration settled in cash	236
Cash and cash equivalents - own cash in subsidiaries disposed	(358)
Cash outflow on disposal during the year	**(122)**

31. Retirement benefit obligations

The Group operates a number of pension schemes throughout the world, the most significant of which are of the defined benefit type and operate on a funded basis. The principal pension schemes are the Jardine Lloyd Thompson UK Pension Scheme, the JLT (USA) Incentive Savings Plan, the JLT (USA) Employee Retirement Plan, the JLT (USA) Stable Value Plan, the Pension Plan for Employees of Jardine Lloyd Thompson Canada Inc and the Jardine Lloyd Thompson Ireland Limited Pension Fund.

The pension service costs accrued for the year are comprised as follows:

	UK Schemes		Overseas Schemes		Total	
	2015	2014	**2015**	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Defined benefit schemes	-	-	2,630	2,813	2,630	2,813
Defined contribution schemes	21,265	19,258	15,723	14,373	36,988	33,631
	21,265	19,258	**18,353**	17,186	**39,618**	36,444

The Jardine Lloyd Thompson UK Pension Scheme has two sections; one providing defined benefits and the other providing benefits on a defined contribution basis. The assets of the scheme are held in a trustee administered fund separate from the Company.

With effect from 1st December 2006 the defined benefit section of the Scheme was amended to cease future benefits accruals. Under the Scheme as amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 1st December 2006.

The latest finalised triennial actuarial funding valuation of the Jardine Lloyd Thompson UK Pension Scheme was at 31st March 2014. This valuation was updated to 31st December 2015 by a qualified actuary employed by the Group.

The principal overseas schemes are:

a) The JLT (USA) Incentive Savings Plan which is a defined contribution scheme. Employees may contribute up to 50% of their salary subject to an IRS maximum each year – USD18,000 in 2015 – and the Group contributes at a rate of 100% of each 1% contributed by the employee up to a maximum employee contribution of 4%, up to a maximum of USD10,600. Employees aged over 50 may make "catch-up" contributions subject to an IRS maximum each year - USD6,000 in 2015.

b) The JLT (USA) Employee Retirement Plan which is a defined benefit scheme. The latest actuarial valuation was undertaken at 1st January 2015 by independent actuaries. With effect from 31st July 2005 the plan was amended to eliminate future benefit accruals. Under the plan as amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 31st July 2005. The average compensation and length of service will be determined as at 31st July 2005.

   Group has made a settlement gain of £492,000 relating to non-routine lump sum payments and it is disclosed under curtailment gain.

c) The JLT (USA) Stable Value Plan. The plan is closed to new participants, but still accrues a benefit for current participants. The latest actuarial valuation was undertaken at 1st January 2015 by independent actuaries. The actuarial contributions made in 2015 and the minimum funding requirements for the 2015 plan year has been fully satisfied. The plan is not subject to a quarterly contribution requirement in 2016 so there are no required contributions in calendar year 2016. Each plan year, a participant is credited with an amount equal to 15% of compensation for the year up to the taxable wage base, plus 20% of compensation in excess of the taxable wage base. This pay credit is calculated on an annual basis and added to the prior year's balance.

   With effect from 31st March 2016 the plan will be amended to eliminate future benefit accruals. Under the plan to be amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 31st March 2016. The Group has chosen to make allowance for the upcoming closure of the Stable Value Plan to future accrual. This closure results in a gain of £506,000 due to the removal of future salary increases, which is disclosed under curtailment gain.

d) The Pension Plan for Employees of Jardine Lloyd Thompson Canada Inc. The JLT Canada Pension Plan has two sections; one providing defined benefits based primarily on the 2007 pensionable salary and the other providing benefits on a defined contribution basis. The JLT pension contribution for the defined contribution plan ranges from 3% to 13% based on age and service. The last formal valuation of the JLT Canada Pension Plan was undertaken as of 31st December 2013 by a qualified third party actuary. The defined benefits section was amended to eliminate future benefit accruals with effect from 1st January 2009. The company makes matching contribution to the defined contribution plan, not exceeding 2% of pensionable earnings, if the member makes voluntary contributions

e) The Jardine Lloyd Thompson Ireland Limited Pension Fund which is a defined benefit pension scheme with assets held in a separately administered fund. The contributions are agreed between the Trustees and the Company based on the advice by a qualified independent actuary. The most recent triennial actuarial valuation for funding purposes was carried out by a qualified independent actuary as at 1st January 2014. With effect from 30th November 2008 the scheme was closed to new entrants and future service accrual ceased. The company also operates a defined contribution scheme, namely The Jardine Lloyd Thompson 2004 Retirement Benefits Scheme, which is held and administered by a separate trust.

31. Retirement benefit obligations continued

The principal actuarial assumptions used were as follows:

At 31st December 2015	UK Scheme	US Scheme	Canadian Scheme	Irish Scheme	US Stable Value Plan
Rate of increase in salaries	**n/a**	**n/a**	**2.50%**	**n/a**	**n/a**
Rate of increase of pensions in payment (a)	**2.82%**	**n/a**	**3.25%**	**3.00%**	**n/a**
Discount rate (b)	**3.86%**	**4.20%**	**4.00%**	**2.50%**	**3.50-3.55%**
Inflation rate	**2.92%**	**2.00%**	**2.25%**	**1.75%**	**2.00%**
Revaluation rate for deferred pensioners	**1.92%**	**n/a**	**n/a**	**1.75%**	**n/a**
Mortality - life expectancy at age 65 for male members: (c)					
Aged 65 at 31st December (years)	**21.7**	**21.7**	**22.0**	**22.8**	**21.7**

At 31st December 2014	UK Scheme	US Scheme	Canadian Scheme	Irish Scheme	US Stable Value Plan
Rate of increase in salaries	n/a	n/a	2.50%	n/a	3.0%
Rate of increase of pensions in payment (a)	3.11%	n/a	3.25%	3.00%	n/a
Discount rate (b)	3.59%	3.80%	4.10%	2.30%	3.25-3.35%
Inflation rate	2.78-3.21%	2.00%	2.25%	2.00%	2.00%
Revaluation rate for deferred pensioners	1.78%	n/a	n/a	2.00%	n/a
Mortality - life expectancy at age 65 for male members: (c)					
Aged 65 at 31st December (years)	22.0	22.1	19.7	21.7	22.1

(a) In respect of the UK scheme, where there are inflation linked benefits, the inflation increases are limited to a maximum of 5% per annum (some are limited to 3% per annum).

(b) In line with IAS 19 (Revised) the expected return on scheme assets assumption is the same as the discount rate assumed for the liabilities.

(c) Mortality assumptions for the UK scheme are based on 105% of the S2PxA tables, with improvements based on CMI 2015 tables with a 1.25% p.a. long-term rate of improvement.

Mortality assumptions for the US Scheme and US Stable Value Plan are based on the RP2014 Mortality Table with MP2015 Projections.

Mortality assumptions for the Canadian Scheme are based on the CPM-2014 Private Table with generational projection using scale CPM-B1D2014.

Mortality assumptions for the Irish Scheme, assume that deaths after retirement will be in accordance with standard mortality tables 90% PxA92C=2004 with allowance for expected future mortality improvements. There is assumed to be no pre-retirement mortality.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation	
	Change in assumptions	Change to obligation
Discount rate	**decrease of 0.1%**	**increase of 2.0%**
Inflation rate	**increase of 0.1%**	**increase of 1.0%**
Life expectancy	**increase of 1 year**	**increase of 4.0%**

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet. Note this sensitivity is for defined benefit obligations only and does not consider the impact that changes in assumptions may have on the assets, in particular the assets held in respect of the insured pensioners.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

31. Retirement benefit obligations continued

Defined benefit obligation	UK Scheme		Overseas Schemes		Total	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Present value of funded obligations	(576,343)	(641,759)	(61,940)	(78,044)	(638,283)	(719,803)
Fair value of plan assets	457,396	479,139	50,500	61,629	507,896	540,768
Net liability recognised in the balance sheet	**(118,947)**	(162,620)	**(11,440)**	(16,415)	**(130,387)**	(179,035)

Reconciliation of defined benefit liability	UK Scheme		Overseas Schemes		Total	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Opening defined benefit liability	**(162,620)**	(125,018)	**(16,415)**	(5,609)	**(179,035)**	(130,627)
Exchange differences	-	-	(396)	(466)	(396)	(466)
Pension expense	(5,902)	(6,154)	(2,421)	(3,315)	(8,323)	(9,469)
Employer contributions	11,117	8,795	3,101	4,126	14,218	12,921
Total gain/(loss) recognised in reserves	38,458	(40,243)	4,691	(11,151)	43,149	(51,394)
Net liability recognised in the balance sheet	**(118,947)**	(162,620)	**(11,440)**	(16,415)	**(130,387)**	(179,035)

Reconciliation of defined benefit obligation	UK Scheme		Overseas Schemes		Total	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Opening defined benefit obligation	**(641,759)**	(583,745)	**(78,044)**	(60,566)	**(719,803)**	(644,311)
Exchange differences	-	-	(870)	(1,579)	(870)	(1,579)
Service cost	-	-	(2,630)	(2,813)	(2,630)	(2,813)
Interest cost	(22,366)	(26,283)	(2,507)	(2,698)	(24,873)	(28,981)
Curtailment gain	-	-	998	-	998	-
Settlement amount	-	-	5,773	-	5,773	-
Gain/(loss) on defined benefit obligation	50,051	(56,680)	5,453	(13,601)	55,504	(70,281)
Actual benefit payments	37,731	24,949	9,887	3,213	47,618	28,162
Closing defined benefit obligation	**(576,343)**	(641,759)	**(61,940)**	(78,044)	**(638,283)**	(719,803)

Reconciliation of fair value of assets	UK Scheme		Overseas Schemes		Total	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Opening value of assets	**479,139**	458,727	**61,629**	54,957	**540,768**	513,684
Exchange differences	-	-	474	1,113	474	1,113
Expected return on assets	16,722	20,709	2,027	2,442	18,749	23,151
Actuarial (losses)/gains	(11,593)	16,437	(762)	2,450	(12,355)	18,887
Employer contributions	11,117	8,795	3,101	4,126	14,218	12,921
Actual benefit payments	(37,731)	(24,949)	(9,887)	(3,213)	(47,618)	(28,162)
Settlement amount	-	-	(5,773)	-	(5,773)	-
Expenses	(258)	(580)	(309)	(246)	(567)	(826)
Closing value of assets	**457,396**	479,139	**50,500**	61,629	**507,896**	540,768

31. Retirement benefit obligations continued

The analysis of the fair value of the scheme assets is as follows:

	UK Scheme		Overseas Schemes	
At 31st December 2015	**Value £'000**	**Value %**	**Value £'000**	**Value %**
Equities	174,843	38%	32,395	64%
Bonds	-	-	14,848	30%
Investment funds	99,079	22%	-	-
Qualifying insurance policies	176,996	39%	-	-
Other assets	-	-	2,656	5%
Cash	6,478	1%	601	1%
Total market value	**457,396**	**100%**	**50,500**	**100%**

	UK Scheme		Overseas Schemes	
At 31st December 2014	Value £'000	Value %	Value £'000	Value %
Equities	182,369	38%	40,584	66%
Bonds	-	-	15,064	24%
Investment funds	105,944	22%	-	-
Qualifying insurance policies	188,889	40%	-	-
Other assets	-	-	2,374	4%
Cash	1,937	-	3,607	6%
Total market value	479,139	100%	61,629	100%

Other assets include hedge funds and property. The schemes do not hold cash as a strategic investment and cash balances at 31st December represent working balances.

	UK Scheme		Overseas Schemes		Total	
Reconciliation of return on assets	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Expected return on assets	16,722	20,709	2,027	2,442	18,749	23,151
Actuarial (losses)/gains	(11,593)	16,437	(762)	2,450	(12,355)	18,887
Actual return on assets	**5,129**	37,146	**1,265**	4,892	**6,394**	42,038

The amounts recognised in the consolidated income statement are as follows:

	UK Scheme		Overseas Schemes		Total	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Service cost	-	-	(2,630)	(2,813)	(2,630)	(2,813)
Settlement and curtailment gain	-	-	998	-	998	-
Expenses	(258)	(580)	(309)	(246)	(567)	(826)
Total (included within salaries and associated expenses)	**(258)**	(580)	**(1,941)**	(3,059)	**(2,199)**	(3,639)
Interest cost	(22,366)	(26,283)	(2,507)	(2,698)	(24,873)	(28,981)
Expected return on assets	16,722	20,709	2,027	2,442	18,749	23,151
Total (included within finance costs)	**(5,644)**	(5,574)	**(480)**	(256)	**(6,124)**	(5,830)
Expense before taxation	**(5,902)**	(6,154)	**(2,421)**	(3,315)	**(8,323)**	(9,469)

31. Retirement benefit obligations continued

The amounts included in the consolidated statement of comprehensive income are as follows:

	UK Scheme		Overseas Schemes		Total	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Gains/(losses) on defined benefit obligation	50,051	(56,680)	5,453	(13,601)	55,504	(70,281)
Actuarial (losses)/gains	(11,593)	16,437	(762)	2,450	(12,355)	18,887
Total actuarial gains/(losses) recognised	**38,458**	(40,243)	**4,691**	(11,151)	**43,149**	(51,394)
Cumulative actuarial losses recognised	**(205,439)**	(243,897)	**(32,837)**	(37,528)	**(238,276)**	(281,425)

The five year history of experience adjustments is as follows:

	UK Scheme				
	2015 £'000	2014 £'000	2013 £'000	2012 £'000 restated	2011 £'000 restated
Defined benefit obligation at end of year	(576,343)	(641,759)	(583,745)	(574,360)	(523,846)
Fair value of plan assets	457,396	479,139	458,727	463,621	424,624
Deficit in the scheme	**(118,947)**	(162,620)	(125,018)	(110,739)	(99,222)
Difference between the actual and expected return on plan assets					
- amount (£'000)	**(11,593)**	16,437	(22,217)	32,889	(17,930)
- expressed as a percentage of the plan assets	**(2.53%)**	3.43%	(4.84%)	7.09%	(4.22%)
Experience (gains)/losses on plan liabilities					
- amount (£'000)	**(8,840)**	1,592	1,364	11,890	903
- expressed as a percentage of the present value of the plan liabilities	**1.53%**	(0.25%)	(0.23%)	(2.07%)	(0.17%)

	Overseas Schemes				
	2015 £'000	2014 £'000	2013 £'000	2012 £'000 restated	2011 £'000 restated
Defined benefit obligation at end of year	**(61,940)**	(78,044)	(60,566)	(68,937)	(66,407)
Fair value of plan assets	**50,500**	61,629	54,957	48,285	44,630
Deficit in the schemes	**(11,440)**	(16,415)	(5,609)	(20,652)	(21,777)
Difference between the actual and expected return on plan assets					
- amount (£'000)	**(762)**	2,450	6,863	3,034	(2,665)
- expressed as a percentage of the plan assets	**(1.51%)**	3.98%	12.49%	6.28%	(5.97%)
Experience (gains)/losses on plan liabilities					
- amount (£'000)	**(1,427)**	1,265	377	(3,925)	308
- expressed as a percentage of the present value of the plan liabilities	**2.30%**	(1.62%)	(0.62%)	5.69%	(0.46%)

The expected employer contributions in respect of the year ending 31st December 2016 are as follows:

	Defined benefit £'000
UK Scheme	10,500
Irish Scheme	755
Total expected contributions	**11,255**

32. Related-party transactions

Transactions with the Jardine Matheson Group

At 19th February 2016 the Jardine Matheson Group owns 40.17% of the Company's shares via its wholly-owned subsidiary JMH Investments Limited. The remaining 59.83% of the shares are widely held.

In the normal course of business a number of the Group's subsidiaries undertake, on an arm's length basis, a variety of transactions with the Jardine Matheson Group (JMG) and its associates (JMA).

The following transactions were carried out during the year:

	2015			2014		
	JMG £'000	**JMA £'000**	**Total £'000**	JMG £'000	JMA £'000	Total £'000
Income						
Fees and commissions	3,472	1,794	**5,266**	2,961	1,936	4,897
Expenditure						
Administrative expenses	1,729	-	**1,729**	1,713	-	1,713
Year-end balances arising from these transactions:						
Trade and other receivables	522	253	**775**	3,542	552	4,094
Trade and other payables	(58)	(1)	**(59)**	(138)	-	(138)
	464	**252**	**716**	3,404	552	3,956

Transactions with associates

The following transactions were carried out with associates during the year:

	2015 £'000	2014 £'000
Income		
Fees and commissions	5,994	7,398
Finance income		
Interest receivable - own funds	194	284
Expenditure		
Administrative expenses	67	18
Year-end balances arising from these transactions:		
Trade and other receivables	5,115	8,839
Trade and other payables	(140)	(70)
	4,975	8,769

Transactions with key management

The related-party disclosure regarding key management is detailed in note 6 on page 28.

33. Commitments

Capital commitments

There are no significant capital expenditure contracted for 2016 at the balance sheet date (2014: £1,562,000).

Operating lease commitments - where a Group company is the lessee

The future aggregate minimum lease payments under a non-cancellable operating leases are as follows:

	2015 £'000	2014 £'000
No later than 1 year	24,987	23,543
Later than 1 year and no later than 5 years	121,441	116,141
Later than 5 years	264,356	263,712
	410,784	403,396

The Group leases various offices under non-cancellable operating lease agreements. The principal lease term on the Group's headquarters at The St Botolph Building is for 23 years from the balance sheet date. Rents will be reviewed on 1st October 2018, and every 5 years thereafter, and will be calculated by reference to the prevailing market rate.

Sub-leases

Operating lease commitments - where a Group company is the lessor

The future aggregate minimum lease payments under a non-cancellable operating sub-leases are as follows:

	2015 £'000	2014 £'000
No later than 1 year	143	936
Later than 1 year and no later than 5 years	370	523
	513	1,459

Legal and other loss contingencies

Jardine Lloyd Thompson Group plc and its subsidiaries are subject to various claims and legal proceedings and disputes including alleged errors and omissions in connection with the placement of insurance and reinsurance risks and consulting services.

IFRS requires that liabilities for contingencies be recorded when it is probable that a liability has been incurred before the balance sheet date and the amount can be reasonably estimated. Significant management judgement is required to comply with this guidance. The Group analyses its litigation exposure based on available information, including external legal consultation where appropriate, to assess its potential liability.

On the basis of present information, amounts already provided, availability of insurance coverages and legal advice received, it is the opinion of management that the disposition or ultimate determination of such claims will not have a material adverse effect on the consolidated financial position of the Group. However, it is possible that future results of operations or cash flows for any annual period could be materially affected by an unfavourable resolution of these matters. At 31st December 2015, the Group has contingent liabilities in respect of guarantees and letters of credit given on behalf of Group companies amounting to £7,113,000 (2014: £5,563,000).

In the UK, the Group is working with the UK Financial Conduct Authority following a market-wide thematic review of financial advice provided to customers who were offered enhanced transfer value products ('ETVs'). Pending the outcome of the UK Financial Conduct Authority's review a provision has been created for the estimated administration costs of completing the work for this review. It is too early to determine if there is any other liability.

34. Subsequent events

At the date of this report, the Group is planning to restructure its UK Employee Benefits business with a flatter structure that is better able to respond to the current dynamic marketplace. The Group estimates, that the cost of this will be in the region of £12 million.

35. Subsidiaries and associated companies

The following were the subsidiaries and associated undertakings at 31st December 2015. Unless otherwise shown, the capital of each company is wholly-owned, is in ordinary shares and the principal country of operation is the country of incorporation/registration.

Company	Country	% Holding (if less than 100%)	Notes
Agnew Higgins Pickering & Company Limited	United Kingdom		
Aldgate Trustees Ltd	United Kingdom		
Aviary Limited	United Kingdom		
Burke Ford Group Limited	United Kingdom		
Burke Ford Trustees (Leicester) Limited	United Kingdom		
CPRM Limited	United Kingdom		
Echelon Consulting Limited	United Kingdom		
Expacare Limited	United Kingdom		
GCube Underwriting Limited	United Kingdom		
Gracechurch Trustees Limited	United Kingdom		
Gresham Pension Trustees Limited	United Kingdom		
Hayward Aviation Limited	United Kingdom		
iimia (Holdings) Limited	United Kingdom		
Independent Trustee Services Limited	United Kingdom		
Ingham & Co (Liabilities) Limited	United Kingdom		
Ingham (Holdings) Limited	United Kingdom		
Jardine (Lloyd's Underwriting Agents) Limited	United Kingdom		
Jardine Lloyd Thompson Group plc	United Kingdom		
Jardine Lloyd Thompson Reinsurance Holdings Limited	United Kingdom		
Jardine Lloyd Thompson Reinsurance Limited	United Kingdom		
Jardine Reinsurance Management Limited	United Kingdom		
JIB Group Holdings Limited	United Kingdom		
JIB Group Limited	United Kingdom		
JIB Overseas Holdings Limited	United Kingdom		
JIB UK Holdings Limited	United Kingdom		3
JIS (1974) Limited	United Kingdom		
JLT Actuaries and Consultants Limited	United Kingdom		
JLT Advisory Limited	United Kingdom		
JLT Benefit Consultants Limited	United Kingdom		
JLT Benefit Solutions Limited	United Kingdom		
JLT Capital Markets Limited	United Kingdom		
JLT Colombia Retail Limited	United Kingdom		
JLT Colombia Wholesale Limited	United Kingdom	89.37%	
JLT Consultants & Actuaries Limited	United Kingdom		
JLT Corporate Services Limited	United Kingdom		
JLT EB Holdings Limited	United Kingdom		3
JLT EB Services Limited	United Kingdom		
JLT Financial Consultants Ltd	United Kingdom		
JLT iimia Limited	United Kingdom		
JLT Insurance Group Holdings Ltd	United Kingdom		
JLT Investment Management Limited	United Kingdom		
JLT LATAM (Southern Cone) Wholesale Limited	United Kingdom	51%	
JLT Latin American Holdings Limited	United Kingdom		
JLT Management Services Limited	United Kingdom		
JLT Mexico Holdings Limited	United Kingdom		
JLT Nominees Limited	United Kingdom		
JLT Pension Trustees Limited	United Kingdom		
JLT Pensions Administration Holdings Limited	United Kingdom		
JLT Pensions Administration Limited	United Kingdom		
JLT Peru Reinsurance Solutions Limited	United Kingdom	80.07%	
JLT Peru Retail Limited	United Kingdom		
JLT Peru Wholesale Limited	United Kingdom		
JLT Quest Trustee Limited	United Kingdom		
JLT Re Limited	United Kingdom		
JLT Reinsurance Brokers Limited	United Kingdom		
JLT Secretaries Limited	United Kingdom		
JLT Specialty Limited	United Kingdom		
JLT Trustees (Southern) Limited	United Kingdom		
JLT Trustees Limited	United Kingdom		
JLT UK Investment Holdings Limited	United Kingdom		
JLT Wealth Management (Falmouth) Limited	United Kingdom		
JLT Wealth Management Limited	United Kingdom		
Leadenhall Independent Trustees Ltd	United Kingdom		
Lloyd & Partners Limited	United Kingdom		
M.P. Bolshaw and Company Limited	United Kingdom		
Marine, Aviation & General (London) Limited	United Kingdom	25%	
P3 Corporate Pensions Software Limited	United Kingdom		
Pavilion Insurance Management Limited	United Kingdom		
Pavilion Insurance Network Limited	United Kingdom		
Pension Capital Strategies Limited	United Kingdom		
Personal Pension Trustees Limited	United Kingdom		
Pet Animal Welfare Scheme Limited	United Kingdom		
PIN Finance Limited	United Kingdom		
Portland Pensions Limited	United Kingdom		
Portsoken Trustees (No. 2) Limited	United Kingdom		
Portsoken Trustees Limited	United Kingdom		
Premier Pension Trustees Limited	United Kingdom		

35. Subsidiaries and associated companies continued

Company	Country	% Holding (if less than 100%)	Notes
Profund Solutions Limited	United Kingdom		
Renewable Energy Loss Adjusters Limited	United Kingdom		
The Hayward Holding Group Limited	United Kingdom		
Thistle Insurance Services Limited	United Kingdom		
Thistle Underwriters Limited	United Kingdom		
Jardines PF (Angola) Lda	Angola		
JLT Towner Insurance Management (Anguilla) Limited	Anguilla		
JLT Re Argentina Corredores de Reaseguros S.A.	Argentina	51%	
Australian Insurance Brokers Pty Ltd	Australia		
Echelon Australia Pty Limited	Australia		
Group Promoters Pty Limited	Australia		
Jardine Lloyd Thompson Australia Pty Limited	Australia		
Jardine Lloyd Thompson Pty Limited	Australia		
JLT Group Services Pty Limited	Australia		
JLT Re Pty Ltd	Australia		
Local Government Insurance Brokers Pty Limited	Australia		
Premium Services Australia Pty Limited	Australia		
The Recovre Group Pty Ltd	Australia		
Thistle Underwriting Services Pty Ltd	Australia		
GrECo International Holding AG	Austria	20%	
Isosceles Insurance (Barbados) Limited	Barbados	90.91%	
JLT Holdings (Barbados) Ltd	Barbados	90.91%	
JLT Insurance Management (Barbados) Ltd	Barbados	90.91%	
JLT Management (Barbados) Ltd	Barbados	90.91%	
JLT Trust Services (Barbados) Limited	Barbados	90.91%	
Agnew Higgins Pickering & Co. (Bermuda) Ltd	Bermuda		
Eagle & Crown Limited	Bermuda		
Evolution Management Ltd	Bermuda		
Isosceles Insurance Ltd	Bermuda	98.36%	3
JLT Bermuda Ltd [Branch]	Bermuda		
JLT Holdings (Bermuda) Ltd.	Bermuda		
JLT Insurance Management (Bermuda) Limited	Bermuda		
JLT Re Limited [Bermuda]	Bermuda		
Sail Insurance Company Limited	Bermuda		
Secure Limited	Bermuda		
JLT Brasil Holdings Participacoes Ltd	Brazil	78.07%	
JLT Do Brasil Corretagem de Seguros Ltda	Brazil	78.07%	
JLT RE Brasil, Administracao e Corretagem de Resseguros Ltda	Brazil	78.07%	
JLT SCK Affinity Administracao e Corretora de Seguros Ltda.	Brazil	58.55%	
JLT SCK Corretora e Administradora de Seguros Ltda	Brazil	58.55%	1
Jardine Lloyd Thompson Canada Inc	Canada		
Alta SA	Chile	50.10%	
JLT Asesorias TL Limitada	Chile	50.10%	
JLT Chile Corredores de Reaseguro Limitada	Chile	50.10%	
JLT Chile Holdings SpA	Chile		
JLT-Orbital Corredores de Seguros Limitada	Chile	50.10%	
JLT Lixin Insurance Brokers Co., Ltd	China		
Inversiones Desarollos Y Proyectos Ltda	Colombia		
Jardine Lloyd Thompson Valencia & Iragorri Beneficios Integrales Oportunos SA	Colombia	68%	
Jardine Lloyd Thompson Valencia y Iragorri Corredores de Seguros SA	Colombia	68%	
JLT Affinity Colombia Solutions SAS	Colombia	85%	
JLT Re Colombia, Corredores Colombianos de Reaseguros	Colombia	89.37%	
Colombian Insurance Broking Wholesale Limited	Colombia	74.50%	
JLT Energy (France) SAS	France	35.40%	
JLT Reinsurance Brokers GmbH	Germany		
Isosceles PCC Limited	Guernsey		
JLT Insurance Management (Guernsey) Limited	Guernsey		
Jardine Lloyd Thompson Limited	Hong Kong		
Jardine Lloyd Thompson PCS Limited	Hong Kong	75%	
Jardine ShunTak Insurance Brokers Limited	Hong Kong	50%	
JLT Agencies Limited	Hong Kong		
JLT Agency Services Limited	Hong Kong		
JLT Essential Holdings Ltd	Hong Kong	51%	
Lambert Brothers Holdings Limited	Hong Kong		
Lambert Brothers Insurance Brokers (Employee Benefits) Ltd	Hong Kong		
Lambert Brothers Insurance Brokers (Hong Kong) Ltd	Hong Kong		
LBI Agencies Ltd	Hong Kong		
Jardine Lloyd Thompson India Private Limited	India		
Jardine Lloyd Thompson Insurance Consultants Limited	India	92.61%	
JLT Independent Insurance Brokers Private Limited	India	26%	
PT Jardine Lloyd Thompson	Indonesia	80%	
PT JLT GESA	Indonesia		
PT Nexus Asia Pacific	Indonesia		
Freedom Trust Services Limited	Ireland		
G.I.S. (Ireland) Limited	Ireland		
International Loss Control Services Limited	Ireland		
Jardine Insurance Brokers Ireland Limited	Ireland		
Jardine Lloyd Thompson Ireland	Ireland		
Jardine Lloyd Thompson Ireland Holdings Limited	Ireland		
Jardine Pension Trustees Ireland Limited	Ireland		
JLT Financial Services Limited	Ireland		
JLT Insurance Brokers Ireland Limited	Ireland		
JLT Risk Management Limited	Ireland		

35. Subsidiaries and associated companies continued

Company	Country	% Holding (if less than 100%)	Notes
MAG JLT SpA	Italy	25%	
JLT Holdings Japan Limited	Japan		
JLT Japan Limited	Japan		
JLT Risk Services Japan Limited	Japan		
Jardine Lloyd Thompson Korea Limited	Korea, Republic of		
Echelon Claims Consultants Sdn Bhd	Malaysia		
Insfield Insurance Brokers Sdn Bhd	Malaysia	49%	
Jardine Lloyd Thompson Sdn Bhd	Malaysia	49%	
JLT Asia Shared Services Sdn Bhd	Malaysia		
JLT Re Labuan Limited	Malaysia		
JLT Insurance Management Malta Limited	Malta	34%	
Manoel Management Services Ltd	Malta	34%	
JI Holdings Limited	Mauritius	92.61%	
JLT Mexico, Intermediario de Reaseguro, S.A. de C.V.	Mexico		
Sterling Re Intermediario de Reaseguro, SA de CV	Mexico	35.50%	
JLT Asia Holdings BV	Netherlands		
JLT Netherlands BV	Netherlands		
JMIB Holdings BV	Netherlands		
Alpha Consultants (2002) Limited	New Zealand		
Client Provide Limited	New Zealand	75.40%	
Echelon New Zealand Limited	New Zealand		
Jardine Lloyd Thompson Limited	New Zealand		
JLT Holdings (NZ) Limited	New Zealand		
Wellnz Limited	New Zealand	75.40%	
JLT Norway AS	Norway		
JLT Affinity Latam S.A.C.	Peru	85%	
JLT Corredores de Reaseguros SA	Peru	80.10%	
Mariategui JLT Corredores de Seguros SA	Peru	74.68%	
Jardine Lloyd Thompson Insurance Brokers Inc	Philippines		
ID Qatar	Qatar	28.5%	
Jardine IBR Limited	Russian Federation		
JLT (Insurance Brokers) Limited	Russian Federation		
JLT Holdings (St Lucia) Ltd	Saint Lucia		
Anda Insurance Agencies Pte Ltd	Singapore		
Jardine Lloyd Thompson Asia Pte Limited	Singapore		
Jardine Lloyd Thompson PCS Pte Ltd	Singapore	75%	
Jardine Lloyd Thompson Private Limited	Singapore		
JLT Interactive Pte Ltd	Singapore		
JLT Singapore Holdings Pte Ltd	Singapore		
JLT Specialty Pte Ltd	Singapore		
Jardine Lloyd Thompson (Proprietary) Limited	South Africa	56%	
JLT Benefit Solutions SA (Pty) Ltd	South Africa		
JLT Employee Benefits SA (Pty) Ltd	South Africa		
JLT SA IB Holding Company (Pty) Ltd	South Africa		
JLT Employee Benefits Holding Company (Pty) Ltd	South Africa		
Eikos Risk Solutions Pty Ltd	South Africa		
March-JLT, Correduria de Seguros y Reaseguros, S.A.	Spain	25%	
JLT Risk Solutions AB	Sweden	65%	
Lavaretus Underwriting AB	Sweden		
Jardine Lloyd Thompson PCS SA	Switzerland	75%	
Jardine Lloyd Thompson Limited	Taiwan		
Jardine Lloyd Thompson Limited	Thailand		
JLT Life Assurance Brokers Limited	Thailand		3
JLT Sigorta ve Reasürans Brokerli i A. .	Turkey	75.1%	3
IDB DMCC	United Arab Emirates	28.5%	
Insure Direct (Brokers) LLC	United Arab Emirates	57%	
1763 Enterprises LLC	United States		
Charter Risk Management Services LLC	United States	35.7%	
Core Risks Ltd. LLC	United States		
GCube Insurance Services Inc	United States		
Jardine Lloyd Thompson Capital Markets Inc.	United States		
Jardine Lloyd Thompson Insurance Services, Inc	United States		
JLT Aerospace (North America) Inc	United States		
JLT Facilities, Inc.	United States		
JLT Holdings Inc	United States		2
JLT Re (North America) Inc	United States		
JLT Re Consultants Inc	United States		
JLT Re Solutions Inc	United States		2
JLT Specialty Insurance Services Inc	United States	91.39%	
JLT Towner Insurance Management (USA) LLC	United States	70%	1
Weston Preference LLC	United States		2
Worldlink Specialty Insurance Services Inc	United States		
Jardine Lloyd Thompson Limited	Vietnam		
JIB Holdings (Pacific) Limited	Virgin Islands, British		

Notes

1 = Quotas; 3 = Ordinary and Preference shares

2 = Preference shares;

Shares held in all companies are Ordinary shares unless where stated.
The proportion of voting rights held corresponds to the aggregate interest percentage held by the holding company and its subsidiary undertakings