
PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

COMPANY INFORMATION

DIRECTORS

C A V Bigger
D K Cox III (resigned 31 March 2020)
W A Muysken

REGISTERED NUMBER

03872328

REGISTERED OFFICE

1 Tower Place West
Tower Place
London
EC3R 5BU

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

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PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the Annual Report and the financial statements for the year ended 31 December 2020.

The Company's registration number is 03872328. The Directors' Report has been prepared in accordance with the special provisions relating to small companies entitled to the small companies' exemption.

PRINCIPAL ACTIVITY

The principal activity is that of an investment holding company. Further details regarding the shareholding can be found in note 9 to the financial statements.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £776,644 (2019 - loss £76,906).

The dividend of £1,500,000 was paid during the year (2019: £Nil). The directors do not recommend payment of a final dividend (2019: £nil).

DIRECTORS

The directors who served during the year were:

C A V Bigger
D K Cox III (resigned 31 March 2020)
W A Muysken

GOING CONCERN

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

The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic, and the directors are satisfied that the Company's services will continue to be attractive to clients.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2.3 to the financial statements.

REDUCTION IN SHARE CAPITAL

During the year share capital was reduced by 171,834 shares at a par value of £0.01 per share and a £2,612,947 share premium was released to distributable reserves resulting in an increase in Profit and Loss reserves of £2,614,665.

POLITICAL CONTRIBUTIONS

No charitable or political contributions were made by the Company in 2020 (2019: £nil)

FUTURE DEVELOPMENTS

It is anticipated that the company will continue along existing lines for the foreseeable future.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has put in place an indemnity in the Articles of Association to indemnify directors and officers of the Company against losses or liabilities sustained in the execution of their duties of office. The indemnity is a qualifying third party indemnity provision under s232 and 234 of the Companies Act 2006.

MATTERS COVERED IN THE STRATEGIC REPORT

The Company qualifies as a small company as defined in S382 of the Companies Act 2006 and is exempt from the preparation of a strategic report as defined by the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 No.1970.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditor's in the absence of an Annual General Meeting.

SMALL COMPANIES NOTE

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

This report was approved by the board on 21 April 2021 and signed on its behalf.



W A Muysken
Director

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVILION FINANCIAL CORPORATION
HOLDINGS UK LIMITED**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Pavilion Financial Corporation Holdings UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 16.

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

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED (CONTINUED)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVILION FINANCIAL CORPORATION
HOLDINGS UK LIMITED (CONTINUED)**

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAVILION FINANCIAL CORPORATION
HOLDINGS UK LIMITED (CONTINUED)**

Matters on which we are required to report by exception

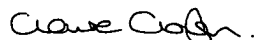
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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



Claire Clough ACA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London
United Kingdom

21 April 2021

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	943,059	-
Gross profit		943,059	-
Administrative expenses		(2,876)	-
Other operating charges	9	(163,539)	(76,906)
Operating profit/(loss)		776,644	(76,906)
Profit/(loss) for the financial year		776,644	(76,906)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 12 to 24 form part of these financial statements.

All transactions derive from continuing activities.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED
REGISTERED NUMBER: 03872328

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	9	2,446,829	2,610,368
		<u>2,446,829</u>	<u>2,610,368</u>
 Creditors: amounts falling due within one year	10	<u>(559,817)</u>	
Net current liabilities		(559,817)	-
 Total assets less current liabilities		<u>1,887,012</u>	<u>2,610,368</u>
 Net assets		<u>1,887,012</u>	<u>2,610,368</u>
 Capital and reserves			
Called up share capital	11	1,000	2,718
Share premium account	12	-	2,612,947
Profit and loss account	12	1,886,012	(5,297)
		<u>1,887,012</u>	<u>2,610,368</u>

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by: 21 April 2021.



W A Muysken
Director

The notes on pages 12 to 24 form part of these financial statements.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	2,718	2,612,947	(5,297)	2,610,368
Comprehensive expense for the year				
Profit for the year	-	-	776,644	776,644
	<u>-</u>	<u>-</u>	<u>776,644</u>	<u>776,644</u>
Other comprehensive expense for the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive expense for the year	-	-	776,644	776,644
Dividends: Equity capital	-	-	(1,500,000)	(1,500,000)
Shares redeemed during the year	(1,718)	(2,612,947)	-	(2,614,665)
Reduction in share capital	-	-	2,614,665	2,614,665
	<u>(1,718)</u>	<u>(2,612,947)</u>	<u>2,614,665</u>	<u>2,614,665</u>
Total transactions with owners	(1,718)	(2,612,947)	1,114,665	(1,500,000)
	<u>(1,718)</u>	<u>(2,612,947)</u>	<u>1,114,665</u>	<u>(1,500,000)</u>
At 31 December 2020	1,000	-	1,886,012	1,887,012
	<u>1,000</u>	<u>-</u>	<u>1,886,012</u>	<u>1,887,012</u>

The notes on pages 12 to 24 form part of these financial statements.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	2,718	2,612,947	71,609	2,687,274
Comprehensive expense for the year				
Loss for the year	-	-	(76,906)	(76,906)
	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive expense for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	-	(76,906)	(76,906)
	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	2,718	2,612,947	(5,297)	2,610,368
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 24 form part of these financial statements.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Pavilion Financial Corporation Holdings UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on the company information page. The nature of the Company's operations and its principal activities are set out in director's report on pages 1 to 2.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Marsh & McLennan Companies, Inc. as at 31 December 2020 and these financial statements may be obtained from the address listed in note 16.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

The Company meets its day-to-day working capital requirements from corporate cash balances. The current economic conditions create uncertainty particularly over the exchange rate between sterling and foreign currencies. The Company continues to monitor the uncertainty in the current economic and business environment including the impact of the Covid-19 pandemic, and the directors are satisfied that the Company's services will continue to be attractive to clients. The Directors considered it was appropriate for the Company to perform additional procedures and analysis, specific to Covid-19, to consider whether these events and uncertainties cast significant doubt upon the Company's ability to continue as a going concern. This monitoring and analysis considered our business resilience and continuity plans and stress testing of liquidity and financial resources. The analysis modelled the financial impact assuming an increasing severity of impact in relation to revenue and certain costs, for a 12-month period so that the potential impact on profitability and liquidity could be assessed.

Having assessed the responses to their enquiries, including those related to Covid-19, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern.

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

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 DIVIDEND INCOME

Dividends from subsidiaries and associated undertakings are accounted for when declared.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.6 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

2.7 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

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

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.9 IMPAIRMENT

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

(i) Financial assets

For the Company's assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For the Company's assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets acquired separately to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of income, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Internally generated intangible assets arising from the Company's internal system development projects are considered for impairment on a regular basis and those projects that no longer have a useful purpose either by the result of obsolescence or the Company's decision to migrate to other products, will be recognised in the statement of income in the quarter the asset is no longer in a condition useable by the Company in any capacity.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.10 CREDITORS

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

2.11 FINANCIAL INSTRUMENTS

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

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

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

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 FINANCIAL INSTRUMENTS (continued)

derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 DIVIDENDS

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

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

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

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

Critical judgements in applying Company's accounting policies

Management have considered critical judgements, apart from those involving estimations (which are dealt with separately below), that have been made in the process of applying the company's accounting policies and that have most significant effect on the amounts recognised in the financial statements:

Impairment review of fixed assets investments

The Company has an annual process of reviewing its fixed asset investments for indicators of impairment. Areas of critical judgement include estimates of future discount rates, future earnings and consideration of whether there is a willing buyer in the market for these investments.

Impairment and impairment reversals are measured by comparing the carrying value of the asset with its future discounted cash flow. Any impairment that has subsequently been reversed is capped to their historical acquisition cost.

Key sources of estimation uncertainty

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

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4. TURNOVER

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

	2020 £	2019 £
Dividends receivable	943,059	-
	<u>943,059</u>	<u>-</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	800,000	-
Rest of the world	143,059	-
	<u>943,059</u>	<u>-</u>

5. AUDITOR'S REMUNERATION

The audit fee and annual filing fees were borne by a fellow group undertaking during the year. The audit fee attributable to this company is £10,000 (2019: £10,000). No other services were provided to the Company by the Company's auditor in the current year.

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors are employees of other companies within the Marsh & McLennan Companies, Inc. Group and are remunerated by those companies for their services to the Group as a whole and they receive no remuneration for their service as directors of the Company (2019: £nil). The Company had no other employees during the current or prior year.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. TAXATION

	2020 £	2019 £
TOTAL CURRENT TAX	-	-
TOTAL DEFERRED TAX	-	-
TAXATION ON PROFIT	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%). The differences are explained below:

	2020 £	2019 £
Profit/ (loss) before tax	776,644	(76,906)
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%)	147,562	(14,612)
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	31,619	14,612
Dividends	(179,181)	-
TOTAL TAX CHARGE FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Following the Budget announcement on 3 March 2021 the UK Corporation Tax rate will be increased to 25% from 1 April 2023.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. DIVIDENDS

	2020 £	2019 £
Dividend for the year ended 31 December	1,500,000	-
	<u>1,500,000</u>	<u>-</u>

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2020	2,687,274
At 31 December 2020	<u>2,687,274</u>
IMPAIRMENT	
At 1 January 2020	76,906
Charge for the period	163,539
At 31 December 2020	<u>240,445</u>
NET BOOK VALUE	
At 31 December 2020	<u>2,446,829</u>
At 31 December 2019	<u>2,610,368</u>

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Mercer Alternatives Limited*	1 Tower Place West Tower Place London EC3R 5BU United Kingdom	Ordinary	100%
Pavilion Alternatives Group (Singapore) PTE. Ltd*	120 Robinson Road, # 08-01, 068913 Singapore	Ordinary	100%
Altius Real Assets (GP) LLC*	2711 Centerville Road Suite 400 Wilmington DE 19808 United States	Ordinary	100%
Altius Real Assets Management S.à.r.l.*	20, Boulevard Emmanuel Servais Grand Duchy of Luxembourg L-2535 Luxembourg	Ordinary	100%
Altius Client (GP) LLC	2711 Centerville Road Suite 400 Wilmington DE 19808 United States	Ordinary	100%
Altius Client (GP) II LLC	2711 Centerville Road Suite 400 Wilmington DE 19808 United States	Ordinary	100%
Altius Associates Special Partners GP Limited*	Cambridge House Le Truchot St. Peter Port GY1 1WD Guernsey	Ordinary	100%
Altius Associates GP Ltd*	Cambridge House Le Truchot St. Peter Port GY1 1WD Guernsey	Ordinary	100%
Altius Client JP Limited*	89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands	Ordinary	100%

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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9. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

* Directly held by Pavilion Financial Corporation Holdings UK Limited

Pavilion Alternatives Group (Singapore) PTE. Ltd has been struck off the Accounting and Corporate Regulatory Authority register of Companies during the year 2021.

Subsequent to the year end, the Company sold 100% of the shareholding in majority of its subsidiaries. The details of the transactions are disclosed in note 14.

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

10. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	559,817	-
	<u>559,817</u>	<u>-</u>

11. CALLED UP SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
100,000 (2019 - 271,834) Ordinary shares of £0.01 each	1,000	2,718
	<u>1,000</u>	<u>2,718</u>

During the year share capital was reduced by 171,834 shares at a par value of £0.01 per share.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2020**

12. RESERVES

Share premium account

Share premium represents the premium received above the par value on ordinary share capital transactions.

During the year a share premium of £2,612,947 was released to distributable reserves.

Profit and loss account

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

During the year a £2,612,947 share premium was released. This, and the £1,718 reduction in share capital resulted in an increase in Profit and Loss of £2,614,665.

13. RELATED PARTY TRANSACTIONS

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

14. POST BALANCE SHEET EVENT

Disposal of subsidiaries

Subsequent to the year end, there were transactions which are categorised as non adjusting events after the balance sheet date. The Company sold 100% of the shareholding in majority of its subsidiaries.

Sale occurred on 31 March 2021 at the sales proceeds of:

Altius Client (GP) LLC \$7,100 (£5,462)

Altius Client (GP) II LLC \$51,075 (£39,288)

Altius Associates Special Partners GP Limited \$17,400 (£13,385)

Altius Associates GP Ltd \$104,125 (£80,096)

Altius Real Assets (GP) LLC \$5,475 (£4,212)

All sales were made to Marsh & McLennan group companies.

The shareholding in Altius Real Assets Management and Altius Client JP Limited is expected to be sold at a later date.

15. GROUP FINANCIAL STATEMENTS

Group financial statements are not prepared in line with s401 of the Companies Act 2006 as the Company is itself a wholly owned subsidiary and is included in the consolidated financial statements of Marsh & McLennan Companies, Inc., its ultimate parent company. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

PAVILION FINANCIAL CORPORATION HOLDINGS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. CONTROLLING PARTY

The Company's immediate parent company is MMC International Holdings LLC. The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in the state of Delaware, USA.

The largest and smallest group in which the results of Pavilion Financial Corporation Holdings UK Limited are consolidated is that headed by Marsh & McLennan Companies, Inc. The consolidated financial statements of Marsh & McLennan Companies, Inc. are available to the public and may be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

and also from:
MMC Treasury Holdings (UK) Limited
1 Tower Place West
Tower Place
London
EC3R 5BU