



annual report **2000**

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“ We have made substantial investments and acquisitions in all three core businesses in 2000, with the aim of further developing our services to benefit our clients, particularly as harder market conditions now apply. We are strongly positioned to grow the business further and we have great confidence in the dedication of all our colleagues to help achieve our goals. ”

Ken Carter

Chief Executive

Financial Highlights

For the year ended 31st December, 2000

	<i>2000</i> £'000	<i>1999</i> £'000	<i>Growth</i> %
TURNOVER	287,278	250,987	14
INVESTMENT AND OTHER INCOME	21,225	18,400	15
TRADING EXPENSES (Excluding exceptional items)	242,600	209,939	16
OPERATING PROFIT (Excluding exceptional items)	65,903	59,448	11
PROFIT BEFORE TAXATION (Excluding exceptional items)	69,640	63,270	10
EARNINGS PER SHARE (Excluding exceptional items)	25.7p	23.4p	10
EARNINGS PER SHARE (Excluding exceptional items and goodwill amortisation)	26.6p	23.7p	12

Profit Before Tax £'m

Excluding exceptional items

2000	69.6
1999	63.3
1998	58.3
1997	50.5
1996	49.2

These figures combine the pre-merger results of JIB Group and Lloyd Thompson Group and exclude exceptional items. The figures stated for 1998 and previous years are those originally published prior to the restatement dealt with in the 1999 financial statements in relation to FRS 12.

Chairman's Statement

It is very pleasing to report that JLT's strong performance in the first half of the year has continued through the remainder of the year. As in 1999, the rate of growth of revenue accelerated in the second half of 2000 and for the year as a whole revenue increased by 14% to £287.3 million. This performance has been achieved by strong organic growth across the Group, the initial benefits of acquisitions and investments made during the year, the early effects of hardening insurance rates and continued control of our trading costs. Investment income benefited from higher achieved rates during 2000 compared to 1999.

The Group's trading profit – turnover less expenses (excluding goodwill amortisation) – increased to £46.5 million, maintaining our margin of 16%.

Profit before tax and exceptional items for the year increased by 10% to £69.6 million (1999 £63.3 million).

Group Strategy

In early 1999 JLT created a new operating structure focusing on three core businesses – Risk Solutions, Corporate Risks and Services. Risk Solutions serves clients who require professional advice and an innovative transactional service; Corporate Risks serves clients who require a full risk management service; and Services works with clients wishing to outsource affinity group marketing, employee benefits, claims and insurance fund administration. This strategy was implemented against a background of then soft insurance markets. In hardening markets we expect the benefits, in terms of prospects and growth, to be more pronounced.

In 2000 we made significant progress in developing all three businesses by attracting leading professionals to the Group, making strategic investments and acquisitions and continuing our programme of disposing of non-core businesses.

Dividends

Subject to shareholder approval, a final dividend of 8.5p (net) per share for the year to 31st December, 2000 will be paid on 14th May, 2001 to shareholders on the register on 17th April, 2001.

This gives a total dividend for the year of 14.5p (net) per share and compares with 13.25p (net) for 1999.

Exceptional Items

At the end of December we announced a restructuring of our interest in SIACI whereby JLT exchanged its 37% interest for a 31% interest in SIACI's new holding company, Marot Participations, and received a cash consideration and a return of capital under the restructuring of £25 million. This gives rise to an exceptional credit of £12.2 million for the year. This was offset to some extent by a write-down of £3.0 million relating to the investment in dotRisk and £5.9 million of other costs in connection with both



John Barton
Chairman

acquisitions and disposals, leaving a net exceptional credit of £3.3 million.

Board

Lord Powell retired from the Board on 10th January 2001 following his retirement from Jardine Matheson and various of its group companies at the end of last year. On the same date Simon Keswick was appointed a non-executive director in his place. He is a director of Jardine Matheson Holdings and various of its group companies and was also a director of JIB Group from 1988 until 1997. The Board is very grateful to Lord Powell for his contribution to JLT over the past nine years, and we wish him well in his new endeavours.

Staff

A recurring theme in any report about JLT is our focus on our staff. They provide solutions for our clients and are the life-blood of the company. Much is expected of them and we are confident that as we go forward, they

will continue to show the innovation and flair that so clearly defines JLT. These results could not have been achieved without their contribution and the Board recognises the dedication and effort they have put into producing another excellent year for the Group.

Prospects

Last year we reported that the fundamental objectives of JLT were to be the broker of choice for clients and the employer of choice for the industry's most talented professionals. The 2000 results indicate that these objectives are being achieved and that there continues to be excellent potential for further development.

We anticipate that the current positive conditions will remain with us for at least the next two years. Although interest rates are predicted to fall and the US dollar may weaken during the year, it is the Group's policy to hedge the short term effects of these movements in interest and exchange


rates and they will have limited effect on the results for 2001.

In January 2001, Steve McGill was appointed as Deputy Chief Executive and the Board has great confidence that the leadership skills he has so ably demonstrated in Risk Solutions will increasingly benefit the Group at large.

We continue to believe that our position in the market will attract new staff and clients to the Group, as it did in 2000, and that the acquisitions and investments made during the last year will make a strong contribution. We are confident that the Group will continue to show increases in both revenues and profits.

John Barton
Chairman

9th March, 2001



“We are confident that the Group will continue to show increases in both revenues and profits.”

Chief Executive's Review

JLT had a very successful year in 2000. Across the Group we attracted and employed new executives as we continued to expand our asset base of professionals. We won significant new business in nearly every country in which we operate and saw some benefit from the arrival of the hard market which became most evident in the last quarter of the year. These effects have contributed to our financial results where turnover rose by 14% to £287.3 million, our trading profit (calculated before amortisation of goodwill) rose by 12% to £46.5 million and our profit before tax and exceptional items rose 10% to £69.6 million.

The Insurance Market

Notwithstanding JLT's business plans, three external factors have an effect on our financial results – the insurance market cycle, interest rates and currency movements.

Insurers' losses of recent years could not continue without the predictable turn in the cycle which accelerated through 2000. We had forecast a change in the cycle for some time and for this reason we began significant investment in 1999 and continued last year by employing more of the very best professionals in our industry. It is difficult to predict the duration of the current hard insurance market but our best estimate is that the present conditions will continue for at least the next two years.

At JLT we run our business to the best of our ability independent of the effect of market cycles, since our prime role is to act in the best interests of our clients through all circumstances. It is also the case that on much of our business we earn fees or agreed commissions and that a market increase in premium does not automatically translate into the same percentage increase in our revenue. However, when the market is hard the

better equipped broker is in a stronger position to differentiate the value of his services to the client and in overall terms a harder market provides even greater potential for increased earnings.

We continue with our policy of complete transparency with regard to incentive commissions received from insurers and for the year 2000 these continued to account for 2% of our revenue.

Operations

During the year JLT has made considerable progress in the development of the Group.

Within Risk Solutions we established a partnership with the private investment bank Blackstone Group to create Capital Risk Group. This is a New York based specialty business which focuses on alternative risk transfer ('ART') and financial solutions for Fortune 500 companies. We substantially expanded our captive



Ken Carter
Chief Executive



management and risk advisory function with new offices established in the Cayman Islands, Guernsey and Singapore as well as significantly increasing our existing captive management operation in Bermuda. We also acquired a Marine and Energy reinsurance portfolio from Bradstock Group. These initiatives have made very promising starts.

Within Corporate Risks & Services, in May we acquired the controlling interest in Burke Ford Group, a UK retail and employee benefits business and, six months later, acquired Abbey National Benefit Consultants, the pension administration and consultancy division of Abbey National Group plc. Our UK operations have been restructured following these acquisitions which will transform our Corporate Risks & Services business into a leading player in the UK. They significantly strengthen JLT's position in the UK corporate insurance market and have

given us a leading position in the pension administration market, which has excellent growth potential.

We also completed several disposals during the year, in line with our policy of withdrawing from non-core businesses.


At the end of the year we restructured our shareholding in SIACI, our French associate, which continued to deliver strong growth in 2000. The restructure enabled JLT to realise a large part of the value of what has been a very successful investment whilst maintaining a significant investment in the future development of the company.

Our matrix structure, which identifies Natural Resources, Ship Owners, Construction, Local Government and ART as core client industries and business lines that we develop internationally, is continually evolving and undoubtedly contributes to the

development both of our individual businesses and intragroup business. At the start of 2001, we introduced a Claims discipline to develop the Group's broking and consultancy skills in the key area of claims service.

A year ago we reported on the potential impact of e-technology and stated that we would use this tool to enhance our business, never forgetting the overriding importance of maintaining personal relationships with our clients. In the e-commerce field we are developing JLT InterActive in America, an application designed to enhance our affinity business. At the end of 2000 we took what is intended to be a temporary controlling investment in dotRisk, which is developing a digital insurance exchange. Both these initiatives, when operational, are expected to help in the promotion of business and in reducing operational costs.

In 2000, Risk Solutions generated turnover of £135.7 million, an increase



“Our ambitions are encapsulated in our twin goals of being the broker of choice for clients and the employer of choice for professionals.”

Chief Executive's Review

of 16%. All operating units enjoyed a very successful year. Exceptional performances came from Casualty, Construction, Energy, Property, Marine & Aviation Reinsurance and Special Risks as our ART business continued to grow significantly and all areas benefited from the harder market as the year progressed.

Financial Solutions in Bermuda and Sweden had a record year as did Agnew, Higgins Pickering & Co., the London based energy specialist. Jardine Sayer, our American reinsurance business and our Bermudian company formerly known as Triangle both did well. Capital Risk Group and the enlarged captive management group put the building blocks in place for future business growth.

Risk Solutions improved its trading profit margin (defined as brokerage less expenses before goodwill amortisation) to 29%, further demonstrating the strength and success of this business.

In Corporate Risks & Services, turnover for continuing operations grew to £149.8 million, an increase of 20%. Whilst these two core businesses are managed within a single business group it is appropriate to report on each of them separately.

In Corporate Risks, turnover grew to £75.3 million, an increase of 24% of which 7% related to acquisitions. The underlying growth therefore reflected ongoing new business and the benefits of the harder market. Our UK business has been strengthened with the integration of Burke Ford Group. In Asia, our businesses grew significantly and we achieved good growth in Australia and Canada. We have also made further progress in improving our trading profit margin which we highlighted as our aim a year ago. That margin (including the results of our share of associates) has been increased to 12%, and we are determined to improve on this further in the future.

In Services, our turnover grew to £74.5 million, an increase of 16% of which 10% related to acquisitions but our trading margin was unchanged on a year ago. This reflects good performances in our UK and Australian Services businesses, offset by non-recurring costs related to our business in the USA. Our commitment to improving profitability in this area is unchanged.

In 2000 we generated revenue of £19 million through intragroup cooperation, an increase of 36% over the previous year, demonstrating the meaningful benefits of our core businesses working together. Potential for further development in this area is unlimited.

Our 84% expense ratio is the same as the previous year, reflecting a 16% increase in actual expenses. Of that increase, nearly 80% reflects remuneration for new staff resulting from acquisitions and investments, the employment of new professionals and

improved performance related rewards for our existing staff. We believe that this expense ratio is capable of further improvement but we will not sacrifice growth opportunities just to achieve a lower ratio.

The Future

A year ago we reported that the prospects for JLT then were better than for many years. These results not only reflect a further strong financial performance but also the growing strength of JLT and its position in the industry.

Our strategy is clear. We will continue to focus on our core businesses, in order to achieve revenue growth and improve our profit margins.

Our ambitions are encapsulated in our twin goals of being the broker of choice for clients and the employer of choice for professionals. We believe that the achievement of these ambitions will continue to strengthen JLT, both in absolute terms and in its

industry position, and will thereby enable us to reward all the stakeholders in our business: an even better service for our clients, a challenging and rewarding environment for our staff and growing investment returns for our shareholders.

We have made substantial investments and acquisitions in all three core businesses in 2000, with the aim of further developing our services to benefit our clients, particularly as harder market conditions now apply. We are strongly positioned to grow the business further and we have great confidence in the dedication of all our colleagues to help achieve our goals.

Ken Carter

Chief Executive

9th March, 2001

“We will continue to focus on our core businesses, in order to achieve revenue growth and improve our profit margins.”

JLT Risk Solutions

We formed JLT Risk Solutions to challenge traditional solutions to problems and encourage creativity in the service of our clients.

Challenging the very nature of our own organisation was the first stage in that process. In essence we are dealmakers and JLT Risk Solutions simply needed to create an environment in which we could conduct our business most effectively. Two years on and we are pleased to report our second year of double digit profit and revenue growth. The results to date are a testimony to the strength of our original vision, but they only hint at the future potential of JLT Risk Solutions.

In North America we formed Capital Risk Group, in partnership with the

Blackstone Group, one of Wall Street's leading private investment banks. Capital Risk will address the risk financing and risk transfer needs of major US corporations with products that exploit the opportunities afforded by the convergence of the insurance and capital markets. Capital Risk operates at the highest levels in corporate America and builds on JLT Risk Solutions' established success in the development of alternative risk transfer solutions.

Our new captive management practice is now in place in the world's leading offshore insurance centres including Bermuda, Singapore, Cayman and Guernsey. We felt that captive managers have often failed to deliver the level of service quality, structuring advice and innovation that captive

owners have a right to expect. JLT Risk Solutions' captive management practice gives us the opportunity to show just what is possible.

Throughout JLT Risk Solutions we have continued our own distinctive brand of acquisition strategy: we seek out the most talented individuals and teams and provide them with the opportunity to operate in an environment that allows them to maximise their talents. This year, for example, we took the opportunity to strengthen our reinsurance and energy teams, notwithstanding already excellent performance in both areas.

All these initiatives reflect our policy of continued improvement. The bedrock of our business remains our core insurance and reinsurance broking



Steve McGill
Chief Executive, JLT Risk Solutions

activities. With the enhanced skill base through our Capital Risk and captive management activities, JLT Risk Solutions is very well positioned to offer clients dynamic, innovative and leading edge risk transfer and risk financing solutions. In essence, JLT Risk Solutions is uniquely positioned in the industry as a boutique speciality firm, able to compete aggressively against the global broking firms and win.

We are very privileged to handle assignments for many of the largest and most high profile corporations in the world and our success depends on delivering a level of service that our competitors find hard to replicate.

The best is always a moving target and therefore wherever there is scope to

improve, we will. We intend to ensure that the best gets better.

As JLT Risk Solutions enters its third year it has already developed the pedigree to breed future success. As insurance market conditions become more difficult for buyers, the value that an outstanding intermediary brings to the table becomes even more apparent. We intend to show clients both old and new, just how good we can be.

Steve McGill
Chief Executive,
JLT Risk Solutions
9th March, 2001



“Two years on and we are pleased to report our second year of double digit profit and revenue growth.”

JLT Corporate Risks & Services

In 1999 we focused on our core businesses and we have continued this in 2000. This has led to two significant acquisitions, which have substantially improved the market position of our existing businesses, and further disposals. We have also focused on profit improvements, producing a significant impact on the underlying trading result; this will continue to be a major priority in 2001.

Corporate Risks

Corporate Risks provides risk management and broking solutions to major and mid-corporate clients.

We acquired Burke Ford in the UK, a retail and employee benefits broker. This acquisition has strengthened our position in the UK Corporate market and has enhanced our management

team. This business has already been fully integrated.

Asia has seen much greater economic stability in 2000. This, combined with the development of our specialist teams, has helped to achieve a very strong performance in the year.

In Australia, the business showed excellent growth and was reorganised to achieve a much more client-focused structure. This will be developed further in 2001 and will help to deliver improved service and profit margin.

In Brazil and Canada we achieved significant top-line growth. In Europe, in conjunction with our associate, SIACI, we have established an alliance with Funk Gruppe, the largest

independent broker in Germany. During 2000 SIACI had very strong underlying growth and the company was restructured, whereby we reduced our interest from 37% to 31%. This restructure will not affect our close working relationship with SIACI.

Services

Within our Services business, we provide marketing and technology-based solutions in employee benefit, affinity group and retained risk fund administration. Clients include insurers, major corporations and municipalities, labour unions and trade and professional associations.

In Australia, the Services business delivered strong growth and will continue its expansion into the major corporate and public sectors in 2001.



John Hastings-Bass
Chief Executive, JLT Corporate Risks & Services

In the USA, we completed a deal with Yahoo! with whom we have established an alliance to deliver portal solutions to our affinity group clients and their members. This is generating real interest amongst our existing affinity clients and attracting new prospects as it provides internet solutions that enhance the service they offer to their members. This is a significant area of new development and represents the combination of a traditional business with an e-commerce solution to create additional value for our clients.

In the UK, the Services business closed the year by completing the acquisition of Abbey National Benefit Consultants, the pension administration and consultancy division of Abbey National Group plc. This acquisition gives us a leading

position in the pension administration market in the UK. In 2001 we will address the trading margin of this business to move it towards our corporate targets.

In 2001 we will continue to build our core businesses in areas where we can deliver outstanding service to our clients. We will also continue working to achieve further significant improvement in our trading margins.

John Hastings-Bass

Chief Executive,
JLT Corporate Risks & Services
9th March, 2001



“In 2001 we will continue to build our core businesses in areas where we can deliver outstanding service to our clients.”

Financial Review

Basis of Presentation

The requirement for the period under review is to produce figures for the year ended 31st December, 2000 together with comparative figures for the previous year. The Annual Report includes profit and loss accounts, balance sheets and cash flows for those periods and any comparisons drawn in this review are by reference to the figures contained within those statements.

Results for 2000

Trading profit, represented by brokerage and fees less expenses other than goodwill amortisation, increased by 12% from £41.6 million to £46.5 million. An increase in brokerage and fees of 14% was accompanied by a 16% increase in the level of expenses, resulting in an unchanged expense ratio of 84%.

Investment income rose by 15%, due principally to higher achieved rates of

return. This is discussed in more detail later in this review.

The contribution from associates, net of the Group's share of interest payable by those companies, fell slightly from £5.1 million to £5 million, increased contributions from SIACI and the smaller associates being offset by a significant reduction in the contribution from Professional Affinity Group Services from £0.9 million to £0.3 million. The net contribution from SIACI which, calculated in accordance with UK accounting principles, represented some £4.6 million of the total contribution from associates, showed an increase of 11% over 1999, rising to 20% in constant currency terms.

The amount of interest payable to banks and in respect of finance leases, including the Group's share of interest payable by associates, was substantially unchanged at £0.5 million. The balance of the total of

£1.5 million shown as 'Interest payable and similar charges' on the face of the profit and loss account represents the unwinding of provision discounting.

Profit before taxation, adjusted to exclude the effect of both operating and non-operating exceptional items, increased from £63.3 million to £69.6 million, an increase of 10%, or 8% when adjusted to eliminate the effects of currency movements and of acquisitions and disposals.

Earnings per Share

The amortisation of purchased goodwill arising from acquisitions made by the Group since 1st January, 1998 has had an increasingly significant impact on published earnings, which is reflected in the decision to disclose on the face of the profit and loss account an additional measure of earnings per share that excludes not only the effect of



George Stuart-Clarke
Finance Director

exceptional items but also the impact of goodwill amortisation.

Excluding only the effect of exceptional items, basic earnings per share increased by 10% from 23.4p to 25.7p, while diluted earnings per share increased by 8% from 23p to 24.9p.

Excluding the effects of exceptional items and goodwill amortisation, basic earnings per share increased by 12% from 23.7p to 26.6p, while diluted earnings per share increased by 11% from 23.3p to 25.8p.

Dividends

The Board proposes a final dividend of 8.5p per share, which follows an interim dividend of 6p per share, making a total for the year of 14.5p per share. This compares with total dividends of 13.25p per share for the previous year and represents an increase of 9%.

The total dividends of 14.5p per share for 2000 were covered approximately

1.8 times (1999 – 1.8 times) by earnings before exceptional items.

Exceptional Items

Overall, exceptional items represented a net credit of £3.3 million.

Integration costs associated with the acquisition of the Burke Ford Group and the preliminary integration costs associated with the acquisition of Abbey National Benefit Consultants gave rise to exceptional operating costs totalling £2.8 million. Further integration costs in connection with the latter acquisition will arise in the current year.

The restructuring of the Group's investment in SIACI gave rise to an exceptional credit of £12.2 million, which was offset to some extent by net costs totalling £3.0 million associated with the disposal or prospective disposal of a number of small, non-core businesses, resulting in a net profit on the sale or closure of operations of £9.2 million.

In view of the recent and significant change that has taken place in the investment climate for e-commerce initiatives, the Group's investment in dotRisk, a company engaged in developing an internet-based insurance exchange, was written down by £3.0 million, reflecting a prudent view of its value as a stand-alone investment. Further details of the investment in and the Group's intentions with regard to dotRisk are covered in note 8 on page 42.

Acquisitions & Disposals

During 2000 the total cost of acquisitions amounted to £50.2 million, of which some £23.3 million related to the purchase of the Burke Ford Group and a further £24.0 million to the purchase of Abbey National Benefit Consultants. Of the total cost, some £29.4 million was funded in cash from the Group's own resources. The balance represents deferred consideration estimated at £20.8



million at 31st December, 2000 and divided more or less equally between shares and cash. Goodwill in respect of acquisitions amounted to £47.8 million, which will be amortised over 20 years in accordance with the Group's normal accounting policy.

During the same period proceeds from disposals amounted to £29.5 million, of which some £24.6 million relating to the restructuring of SIACI was received in January 2001.

Cash Flow

The Group cash flow statement on page 33 has been prepared in accordance with the revised FRS 1. Under FRS 1 cash is narrowly defined as cash in hand and deposits (less overdrafts) repayable on demand. Moreover, it requires no distinction to be made between the Group's own funds and the fiduciary funds generated by the large cash flows associated with insurance broking transactions. The Group's cash flow performance is probably better understood by excluding such fiduciary funds and by referring to the movement

of the Group's own net funds, defined as cash and investments, less borrowings.

The summarised cash flow for 2000 set out in Table 1 has been prepared on the latter basis. It shows a net outflow on acquisitions and disposals (including, for this purpose, the cost of investment in dotRisk and the effect of repayment of net borrowings within companies acquired) of £30.1 million and an overall marginal decrease in the Group's own funds during 2000 of £2 million (1999 – £21.4 million). It should be noted, however, that this figure does not include the £24.6 million proceeds from the restructuring of the Group's investment in SIACI since, as referred to earlier under 'Acquisitions & Disposals', these were not received until January 2001.

Foreign Exchange

The Group's major transaction exposure arises in respect of US dollar revenue earned in the UK, where it accounts for approximately 54% of

total revenue. The results of the Group are therefore highly sensitive to changes in the sterling/US dollar exchange rate, each one cent movement translating into a change of approximately £0.7 million in profit before tax. The Group therefore adopts a prudent approach to the management of this exposure by maintaining a rolling hedging programme based on the use of forward foreign exchange contracts and, to a lesser extent, options, with the objective of selling forward a minimum of 50% of US dollar income projected to arise during the following 12 months and 25% of that expected to arise over the subsequent 12 months.

In 2000 the Group achieved a rate of US\$1.59, compared with the actual average rate for the year of 1.52, reflecting the extent to which in 2000 the benefit of a stronger US dollar was deferred by the smoothing effect of the hedging programme.

At the beginning of 2001 some 87% of the US dollar revenue forecast to arise in 2001 was hedged at an average rate of US\$1.52, while for 2002 46% was hedged at an average rate of US\$1.47 and for 2003 some 18% was similarly hedged at an average rate of US\$1.43.

The Group's major translation exposures are to the US dollar, the French franc and Australian dollar. Profits arising on overseas subsidiaries are not hedged, although translation into sterling at the average of month-end rates tends to mitigate the effect of currency movement.

The relative effects of the most significant transaction and translation exposures on the Group's profit before tax are summarised in Table 2.

Table 1

	<i>12 months to 31 Dec 00 £'m</i>	<i>12 months to 31 Dec 99 £'m</i>
Profit before taxation & exceptional items	69.6	63.3
Capital expenditure in excess of depreciation	(0.9)	(0.4)
Payments in respect of provisions	(6.0)	(14.0)
Purchase of employee benefit trust investments in excess of amortisation	(1.6)	(4.7)
Goodwill amortisation	1.8	0.6
Working capital movements	10.4	(11.3)
Net outflow on acquisitions & disposals	(30.1)	(10.6)
Tax paid	(18.9)	(20.5)
Dividends paid	(26.3)	(23.8)
Net cash outflow from operations	(2.0)	(21.4)
Net cash at 1st January, 2000	284.9	332.9
Net cash outflow from operations	(2.0)	(21.4)
Net fiduciary cash inflow/(outflow)	30.5	(26.6)
Net cash at 31st December, 2000	313.4	284.9

Table 2	12 months to 31 Dec 00	12 months to 31 Dec 99	12 months to 31 Dec 98
Conversion of US\$ income earned in the UK at achieved rates	1.59	1.60	1.61
Average rates for translation – US\$	1.52	1.62	1.66
– Aus\$	2.61	2.53	2.63
– FrF	10.79	9.95	9.82
	December 2000 £m	December 1999 £m	
Currency effects on profit before tax			
Non-sterling income earned in UK subsidiaries	1.5	1.1	
Non-local currency income earned in overseas subsidiaries	0.4	(0.2)	
Sub-total	1.9	0.9	
Translation of profits of overseas subsidiaries	(0.2)	0.6	
Total exchange effect	1.7	1.5	

Investment Income

The Group's investment income arises from its holdings of cash and investments including fiduciary funds. Average cash and investment balances during the year amounted to £360 million (1999 – £345 million), denominated principally in US dollars (53%), sterling (32%) and Australian dollars (8%).

The Group manages its cash and investment balances in the form of deposits with prime banks and other short term money market instruments, in accordance with an investment and counterparty policy agreed by the Board and, in respect of fiduciary funds, all relevant regulatory guidelines.

The Group would normally expect to hedge 50% of interest earnings projected to arise during the following 12 months and 25% of those expected to arise during the subsequent 12 months but, depending on market conditions, the hedged position may vary between 25% and 75% of projected interest exposure and may be extended to 3 years in duration.

Investment income for 2000 amounted to £21.2 million, an increase of 15% compared to 1999. The increase was mainly due to higher achieved rates of return on US dollars (6% compared with 5.2%) and Australian dollars (6.2% compared with 4.9%) and, to a much lesser extent, to favourable movements in the average level of

funds available for investment and in the sterling/US dollar exchange rate. The achieved rate of return on sterling increased marginally to 5.9% compared with 5.8% in 1999.

The relative effects on investment income are summarised in Table 3.

Accounting Developments

Neither of the two Financial Reporting Standards ('FRS's') adopted during 2000 – FRS 15 (Tangible Fixed Assets) and FRS 16 (Current Tax) – has had any significant impact on the figures for the period. FRS 16 is concerned with the disclosure of information on the composition of the current tax expense for the period and to that extent the additional information required is contained in note 11 on page 44.

George Stuart-Clarke
Finance Director
9th March, 2001

Table 3	£'m
1999 Investment income	18.4
<i>Effect of:</i>	
Average cash balance variance	0.4
Foreign exchange variance	0.3
Interest yield variance	2.1
2000 Investment income	21.2

Directors

R J O Barton, CA

Chairman

John Barton, 56, joined the Jardine Matheson group in 1976, and was Chief Executive of Jardine Insurance Brokers, latterly JIB Group plc, between 1984 and 1997. He was appointed a director and Chairman of the Company in February 1997. He is a member of the Nominations Committee. He is a non-executive director of Hammerson plc, WH Smith plc, Sherwood International and a director of the General Insurance Standards Council.

C G R Leach

Joint Deputy Chairman – non-executive

Rodney Leach, 66, was Chairman of Jardine Insurance Brokers, latterly JIB Group plc, between 1988 and 1997. He was appointed non-executive joint Deputy Chairman of the Company in February 1997. He is a member of the Audit & Compliance Committee and Chairman of the Remuneration and Nominations Committees. Other directorships include Jardine Matheson

Holdings Limited, Matheson & Co., Limited and other Jardine Matheson group companies. He is a member of the Board of the British Library.

R C Tomkinson, FCA, FCT

Joint Deputy Chairman – non-executive

Robert Tomkinson, 59, has been a non-executive director of the Company since 1987 and a Deputy Chairman since 1992. He is the senior independent director and is Chairman of the Audit & Compliance Committee and a member of the Remuneration and Nominations Committees. He was Group Finance Director of Electrocomponents PLC, the major electronic and electrical components distribution group, from 1986 until his retirement in 1997. He is non-executive Chairman of Pittards plc, KIG Holdings Ltd and Chairman of the council of the University of Buckingham. He is also a non-executive director of Barloworld PLC and UGC Ltd (the Unipart Group of Companies).

K A Carter

Chief Executive

Ken Carter, 57, joined Lloyd Thompson as Chief Executive in 1986. He continued in this role until the merger with JIB Group in February 1997 when he became Chief Executive of Jardine Lloyd Thompson Group. He is a non-executive director of City North Group plc.

S P McGill, ACII

Deputy Chief Executive

Steve McGill, 43, joined Lloyd Thompson in 1989 and was appointed a director of the Company in December 1996. He is Chief Executive of JLT Risk Solutions and was appointed Deputy Chief Executive of Jardine Lloyd Thompson Group in January 2001.

C Chouraqui (France)

Claude Chouraqui, 64, was a director of JIB Group plc between 1991 and 1997 and was appointed a director of the Company in February 1997. He is President of our French associate, SIACI SA.



A D J B Collins

Dominic Collins, 44, joined Lloyd Thompson in 1984 and was appointed a director of the Company in 1995. He is Chairman of JLT Corporate Risks & Services and joint deputy Chairman of JLT Risk Solutions.

J P Hastings-Bass

John Hastings-Bass, 46, joined the Jardine Matheson Group in 1976. He was a director of JIB Group plc between 1996 and 1997 and was appointed a director of the Company in February 1997. He is Chief Executive of JLT Corporate Risks & Services.

S L Keswick*Non-Executive*

Simon Keswick, 58, was a non-executive director of JIB Group plc between 1988 and 1997 and was appointed a director of the Company in January 2001. Other directorships include Jardine Matheson Holdings Limited, Matheson & Co., Limited

and other Jardine Matheson group companies. He is a director of Hanson PLC and Chairman of The Fleming Mercantile Investment Trust PLC. He is a member of the Audit & Compliance, Remuneration and Nominations Committees.

E A R D de Rothschild (France)*Non-executive*

Eric de Rothschild, 60, was a non-executive director of JIB Group plc between 1991 and 1997 and was appointed a non-executive director of the Company in February 1997. He is a director of SIACI SA and a director of the Rothschild group.

T R Sermon, FCIS*Non-executive*

Richard Sermon, 54, was appointed a non-executive director in January 1996. He is Chairman of Gryphon Corporate Counsel Limited, a director of Wrightson Wood Associates Limited and a non-executive director of The Defence Storage and Distribution Agency, part of the Ministry of

Defence. He was previously Chief Executive of Shandwick International plc and a non-executive director of Newmond plc. He is also Chairman of the Federation of London Youth Clubs and The Home Improvement Trust and a member of the Council and the Executive Committee of the City and Guilds of London Institute. He is a member of the Audit & Compliance, Remuneration and Nominations Committees.

G W Stuart-Clarke*Finance Director*

George Stuart-Clarke, 52, was appointed Finance Director of the Group in May 1994, having been a non-executive director since May 1991. He was previously Managing Director of Arlington Securities Plc, prior to which he spent twelve years in corporate finance with Hill Samuel & Co. Limited.

**Group Executive Committee**

From left to right – Micky Brookman, Vyvienne Wade, Dominic Collins, Steve McGill, George Stuart-Clarke, Ken Carter, John Hastings-Bass, Claude Chouraqui and John Lloyd.

The Directors submit their report and the audited financial statements for the year ended 31st December, 2000.

Principal Activities and Business Review

Jardine Lloyd Thompson Group plc is a holding company, the principal subsidiary and associated undertakings of which are engaged in insurance and reinsurance broking. A review of the Group's trading activities and prospects is included in the Chairman's Statement and Chief Executive's Review on pages 4 to 9 and should be read as part of this report.

Results and Dividends

The financial statements deal with the results of the Group for the year ended 31st December, 2000 which are shown on pages 30 to 65. The profit attributable to shareholders amounted to £51,189,000 (1999: £44,903,000). The directors recommend the payment of a final dividend of 8.5p (net) per share which, together with the interim dividend of 6p (net) per share paid in October 2000 amounts to a total dividend of 14.5p (net) per share (1999: 13.25p (net) per share). Subject to shareholder approval, the final dividend will be paid on 14th May, 2001 to shareholders registered at the close of business on 17th April, 2001.

Fixed Assets

Details of the changes in the fixed assets of the Group are shown in notes 15 and 16 on pages 46 to 47.

Substantial Shareholders

At the date of this report, the Company had been notified of the following major interests each representing 3% or more of the existing issued ordinary share capital:

Shareholder	Ordinary shares	% Held
JMH Investments Limited	28,757,494	14.7%
Matheson (Insurance Investments) Limited	19,518,149	10.0%
Boxwick Limited	4,094,400	2.1%
Matheson & Co., Limited	11,394,873	5.9%
Jardine Matheson Holdings Limited	63,764,916	32.7%
SIACI SA	10,346,399	5.3%

JMH Investments Limited, Matheson (Insurance Investments) Limited, Boxwick Limited and Matheson & Co., Limited are wholly owned subsidiaries of Jardine Matheson Holdings Limited, which has a total interest in 63,764,916 ordinary shares being 32.7% of the issued capital of the Company. Jardine Strategic Holdings Limited is interested in the shares of Jardine Matheson Holdings Limited under Section 203(2)(b) of the Companies Act 1985.

Relationship with Jardine Matheson Group

Trading

During the year the Group continued to have a number of arms-length trading and non-trading links with Jardine Matheson group companies, the financial implications of which are given in note 31 on page 64.

Business Services

Jardine Matheson provides internal audit and certain other services to the Group on an arms-length basis.

Trademark

The Company has entered into a licence agreement with Jardine Matheson (Bermuda) Limited permitting the use of the "Thistle" trademark. Jardine Matheson has the right to terminate the agreement if its interest in the share capital of the Company falls below 30%.

Banking

During the year the Group deposited a proportion of its cash balances arising from its UK activities with Matheson Bank Limited (a subsidiary of

Matheson & Co., Limited) which maintains a highly liquid balance sheet.

On 7th February, 2001, Matheson Bank Limited was sold to The Bank of NV Butterfield & Son Limited of Bermuda.

Directors

The directors of the Company listed on pages 18 to 19 served throughout the year with the exception of Mr S L Keswick who was appointed on 10th January, 2001.

Lord Powell of Bayswater retired from the board on 10th January, 2001 having served on the board since February 1997.

Mr A D J B Collins, Mr S P McGill, Mr T R Sermon and Mr S L Keswick will retire in accordance with the Company's Articles of Association at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election.

The service contracts for Messrs Sermon and Keswick are subject to a three month notice provision. The Company is required to give 364 days notice under the service contract with Messrs Collins and McGill.

Full details of the directors' remuneration and interests are shown in the Remuneration Report and in note 5 to the financial statements. During the period no director had any material interest in a contract, disclosable pursuant to s.317 Companies Act 1985, to which the Company or any of its subsidiary undertakings was a party.

Share Capital

Movements in share capital of the Company during the year ended 31st December, 2000 are set out in note 24 on page 52.

At 31st December, 2000, the authorised share capital of the Company was £12,500,000 of which £9,675,668 had been issued. Of the remaining unissued capital, £552,565 has been reserved for the exercise of options under the Company's various Executive and Sharesave share option schemes detailed in note 25 on page 53.

Unissued and unreserved capital at 31st December, 2000 was £2,271,767.

Employee Share Schemes

The Company has established various executive and all employee sharesave option schemes for the benefit of employees within the Group based both in the UK and certain other jurisdictions.

Details of the options outstanding over 11,051,298 ordinary shares of 5p each in the capital of the Company under the various executive and Sharesave option schemes are set out in note 25 on page 53.

In addition the Group operates a scheme under an employee benefit trust; the Jardine Lloyd Thompson Restricted Share Scheme ('The Scheme'). The scheme operates on a discretionary basis under a trust. Executives are granted awards, consisting of options to purchase shares in the Company, normally for a nominal consideration. Options under the scheme may normally be exercised in full between three and six years from grant but different vesting periods and conditions may be applied in respect of particular awards.

At 9th March, 2001, (being the latest practicable date prior to the posting of this report) shares held under this scheme were as follows:

	Ordinary Shares
Total held by trustees	4,504,712
of which – allocated	3,322,718
– unallocated	1,181,994

As a further method of aligning the interests of key staff with those of the shareholders, the Company operates a partnership plan which is a long term incentive scheme in which the directors of the Company are not eligible to participate. Participants (who are employees of certain subsidiaries of the Company) share in a proportion of incremental profit growth achieved by both the Group and by the business unit which employs the participant. The resultant award may be exercised on a phased basis, up to seven years after the date of award. The plan utilises the Jardine Lloyd Thompson Restricted Share Scheme by awarding JLT shares under the employee benefit trust. In addition, it utilises a Deferred Compensation Scheme also operating under an employee benefit trust for granting awards in the form of cash and other securities.

The Group has adopted (and is in the process of adopting) Inland Revenue approved All Employee Share Plans for the Company and certain of its UK subsidiaries. The Schemes operate under the Rules established by the Finance Act 2000 and utilise JLT Shares purchased in the market. At the date of this report 251,550 shares are held by the Trustees in respect of a scheme established in December 2000.

Corporate Governance

Compliance with Combined Code

During the year the Company has complied with the provisions set out in the Combined Code (the 'Code') except to the extent disclosed in the Compliance Statement.

Compliance Statement

The Board

At the date of this report the Board is comprised of seven executive directors,

including the Chairman and Chief Executive, and five non-executive directors. There are established formal procedures for the structure and authorities through which the Board discharges its responsibilities for the direction and management of the Group. The Board meets regularly to review the performance of the Group and to discuss matters which it has reserved to itself for decision, as well as any other matters that are referred to it. It has established a number of standing committees including an Audit & Compliance Committee, a Nominations Committee and a Remuneration Committee. The Audit & Compliance and Remuneration Committees consist wholly of non-executive directors.

The Audit & Compliance Committee is comprised of Robert Tomkinson (Chairman), Rodney Leach, Simon Keswick and Richard Sermon. The Committee meets four times a year with the external auditors attending by invitation. The Committee reviews the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls and risk management. It reviews accounting policies, financial reporting and external and internal audit reports, providing a forum through which the Group's external auditors, compliance and internal audit functions report to the non-executive directors. The Finance Director and Group Chairman normally attend meetings of the Audit & Compliance Committee but the non-executive directors may also meet privately with the external auditors.

The Remuneration Committee is comprised of Rodney Leach (Chairman), Simon Keswick, Richard Sermon and Robert Tomkinson. The Remuneration Committee is

responsible for setting the remuneration and terms and conditions of employment of the executive directors of the Company. It also approves the allocations under all long term incentive schemes and share option schemes.

The Nominations Committee is comprised of Rodney Leach (Chairman) John Barton, Simon Keswick, Richard Sermon and Robert Tomkinson. Its purpose is to make recommendations to the Board on the appointment of directors of the Company.

Simon Keswick replaced Lord Powell on the aforementioned committees upon his appointment to the Board on 10th January, 2001.

The Group Executive Committee is responsible for the management of the Group's operations. It is comprised of six executive directors and four non-board appointees.

The Board acknowledges that it has not complied fully with the Code during the year in the areas of board balance and independence of non-executive directors. The Code requires one third of the Board to be non-executive and the majority of non-executive directors to be "independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement". It also requires a majority of the members of the Audit and Remuneration Committees to be independent.

During the year, two non-executive directors of the Group, Rodney Leach (joint Deputy Chairman) and Lord Powell, were directors of Jardine Matheson Holdings Limited which has a 32.7% interest in the Company. As noted above, since the end of the year, Lord Powell has retired and has

been replaced by Simon Keswick effective from 10th January, 2001. Simon Keswick is also a director of Jardine Matheson Holdings Limited. The Board has again reviewed this area and has not changed its view that the continued presence of Messrs Leach and Keswick on the Board (subject to re-election under the Articles) is in the interests of the shareholders generally as they, together with the remaining non-executive directors, provide the Board with broad international perspectives, valuable contacts and advice from the business community as a whole. The relationship with Jardine Matheson is maintained on an arms-length basis as detailed in note 31 on page 64.

The remaining non-executive directors, namely Robert Tomkinson (joint Deputy Chairman with Rodney Leach), Richard Sermon and Eric de Rothschild are considered by the Board to be independent in the context of the Code definition, irrespective of length of service. The Board has confirmed Robert Tomkinson as the senior independent director pursuant to the Code and he continues to chair the Audit & Compliance Committee and is a member of the Remuneration and Nominations Committees. In overall terms, following further review, the Board does not feel it is appropriate to revisit the balance of the Board at this time.

Directors' Remuneration

Full details of directors' remuneration and a statement of the Company's remuneration policy is set out in the Remuneration Report on pages 25 to 28 and note 5 on pages 38 to 41.

The Board believes that the composition of the Remuneration Committee is appropriate to the circumstances of the Company and the continued membership of Jardine

Matheson directors is not regarded as detracting from independence of judgement on any relevant issue.

Relationship with Shareholders

The Board endeavours to maintain a dialogue with institutional shareholders and carries out a programme of meetings and presentations each year following the publication of interim and final results.

At the Annual General Meeting, the Chairmen of the Audit & Compliance, Nominations and Remuneration Committees will be available to answer questions.

Accountability and Audit

Directors' Responsibilities

The following statement should be read in conjunction with the Auditors' report on page 29.

The Directors are required to present for each accounting period financial statements which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss of the Group for that period and are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. It is also the responsibility of the directors to ensure that arrangements are made for the maintenance of adequate accounting records, to safeguard the assets of the Group and to present and detect fraud and other irregularities.

The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements

and that applicable accounting standards have been followed.

Operating Company Controls

The identification and mitigation of major business risks is the responsibility of operating management. Each operating company maintains controls and procedures appropriate to its own business environment while conforming to Group Standards and guidelines. These include procedures to identify and then investigate all types of Risk.

Compliance & Legal

The Group's legal, compliance and quality control departments establish compliance policy and carry out regular audits. The scope of work includes ensuring compliance with laws, regulations and conduct of business which are reported to the Board and Audit & Compliance Committee.

Going Concern

The Directors consider that the Group and the Company have adequate resources to continue in operational existence in the foreseeable future. Consequently, the financial statements have been prepared on a going concern basis.

Internal Control

The Directors acknowledge that they are responsible for the Group's systems of internal control and for reviewing their effectiveness.

Risk Management Controls

In accordance with the Combined Code, a process has been established for identifying, evaluating and managing risks faced by the Group. This process has been in place for the full financial year and up to the date the financial statements were approved.

The Group conducts a formal annual "risk profiling" review to identify and profile the significant risks, both

operational and strategic, faced by the Group and to review the effectiveness of risk management controls including loss prevention and recovery planning. This exercise involves the senior management across the Group covering a broad range of risk, including operational, financial/treasury, information technology, health & safety, human resource and legal areas.

Monitoring of risk is facilitated internally by functional management and assurance gained through financial, compliance and quality based auditing. Significant failures are reported to the executive directors to ensure remedial action is taken.

The Group's procedures with regard to the management of risk have been reviewed by the Board during the first half of the year. The annual risk profiling report has been reviewed by the Audit & Compliance Committee on behalf of the Board which is satisfied that appropriate processes and procedures are in place in order to identify and manage the significant risks faced by the Group.

The Group conducts its trading activities through subsidiary and associated undertakings.

As noted above, the overall responsibility for internal controls within the Company and its subsidiary undertakings rests with the directors of the Company. Reviewing and monitoring the effectiveness of such controls forms part of the duties of the Audit & Compliance Committee. Monitoring procedures include detailed reviews of operating company systems which are routinely undertaken by internal audit.

The responsibility for internal controls within associated undertakings rests essentially with the senior management of those operations, the

role of the Group being to monitor its investments and to exert influence, normally through board representation.

Internal Financial Controls

The present framework of financial controls may be summarised under the following headings:

Organisational Structure

There are clearly defined areas of responsibility and limits of authority within the Group.

Financial Reporting

Annual budgets are approved by the Board following detailed reviews by management. The results of the Group are reviewed against budget and reported to the Board on a regular basis.

Treasury

Treasury policy is reviewed and approved by the Board and a sub-committee of the Board is responsible for monitoring treasury activity and performance. The Group has adopted policies to cover the key treasury activities of investment of funds, counterparty risk, foreign exchange and interest rate risk.

Cash and investments consist of money market deposits, commercial paper, certificates of deposit and cash funds with prime banks and institutions.

The Group maintains a counterparty policy based on published rating criteria to limit the concentration of funds and the exposure with any one party. Monetary limits are assigned to each counterparty based on an agreed scale in relation to their rating.

The Group adopts a prudent approach to the management of its US dollar foreign exchange exposure by maintaining a hedging programme based on the use of forward foreign exchange contracts and, to a lesser extent, options with the objective of

Directors' Report

selling forward a minimum of 50% of US dollar income projected to arise during the following 12 months and 25% of that expected to arise over the subsequent 12 months.

Interest rate risk arises on the interest earnings from both own and fiduciary funds held in the Group. The Group policy is to protect its sterling and US dollar interest earning by maintaining on a rolling 12-month basis a minimum hedged position. Depending on market conditions this minimum can alter between 25% and 75% of projected interest earnings and be extended to 3 years in duration.

Investment Appraisal

Major items of capital expenditure require Board approval.

The Board is also responsible for the overall strategy of the Group, including acquisitions and related due diligence requirements.

The systems of internal control and risk management procedures are designed to manage rather than eliminate risk and it should be recognised that such systems can only provide reasonable not absolute assurance against material misstatement or loss.

Employment Policies

It is the policy of the Group to provide an environment in which individual talents can excel. Employee involvement is encouraged with wide share ownership and participation in share option schemes.

Employees are kept informed of the performance of the Group and all matters affecting them as employees by means of regular briefings and consultation.

The Group is an equal opportunities employer and bases all decisions on individual ability regardless of race,

gender, age or disability.

Applications for employment by disabled persons will always be fully considered, having regard to their particular aptitudes and abilities. Should employees become disabled, every effort will be made to ensure that their employment with the Group continues and, in the event that they are unable to continue to work, that their financial interests are safeguarded. It is the intention of the Group that opportunities for training, career development and promotion of disabled persons should, as far as possible, be identical with those for other employees.

Suppliers

The Group agrees payment terms with suppliers when it enters into contracts for the purchase of goods or services and seeks to abide by those terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. At 31st December, 2000 the Company did not have any direct external supplier creditors. The Group does not have a standard or code which deals specifically with the payment of suppliers.

Donations

During the period the Group made charitable donations totalling £221,000 (1999: £182,000). No political donations were made by the Group.

Annual General Meeting

The Notice convening the Annual General Meeting to be held on 3rd May, 2001 at 12 noon at 6 Crutched Friars, London EC3N 2PH is contained in the circular accompanying this report.

The special business comprises the renewal, within prescribed limits, of (i) the authority of the directors to allot

securities of the Company up to the available unissued capital (ii) the disapplication of the statutory pre-emption rights (iii) the authority of the Company to purchase, for cancellation, its own shares by way of market purchases and (iv) a waiver of the requirement arising under Rule 9 of the City Code on Takeovers and Mergers, that Jardine Matheson Holdings Limited together with parties deemed to be acting in concert with it be required to make a general offer for the Company by reason of the change in its percentage holding in the capital of the Company arising from any such purchase under (iii).

Save for the allotment of shares under the Company's share option schemes or as may arise with the acquisition of minority interests, the directors have no present intention of utilising the authority under (i) and (ii) above.

The Directors will only consider making purchases of the Company's shares if they believe that it would be in the best interests of shareholders and would result in an improvement in earnings per share.

Auditors

It is proposed that PricewaterhouseCoopers, be reappointed auditors of the Company, having signified their willingness to continue in office, and a resolution proposing their reappointment will be put to the Annual General Meeting.

By order of the Board

D J Hickman

Secretary

9th March, 2001

Remuneration Report

The Remuneration Committee is comprised of four non-executive directors: Rodney Leach (Chairman), Simon Keswick, Richard Sermon and Robert Tomkinson. Lord Powell served on the Committee throughout the year until he retired from the Board on 10th January, 2001 when Simon Keswick was appointed in his place. The terms of reference of the Committee are to determine the policy of the Company with regard to the remuneration of executive directors and to establish specific packages for each such director. It also considers and approves the recommendations of the Chief Executive (other than in respect of himself) in respect of awards under the Group's share option schemes and long term incentive schemes, and makes awards under the Group's sharesave scheme. The remuneration of the non-executive directors is a matter reserved for the Board.

The Committee is directly accountable to shareholders. The Chairman of the Committee will attend the Annual General Meeting and will be available to answer shareholders' questions regarding remuneration.

Combined Code Compliance

As noted in the Compliance Statement, the Board believes that the composition of the Remuneration Committee is appropriate to the circumstances of the Company and the continued membership of Jardine Matheson directors is not regarded as detracting from independence of judgement on any issue. In determining levels of remuneration, terms and conditions of employment and remuneration policy the Committee has given full consideration to the Code provisions on directors' remuneration.

Remuneration Policy

The Group operates in a highly competitive sector and its policy on the remuneration of executive directors is to provide terms and conditions which enable it to recruit, retain and motivate individuals of sufficient expertise and commitment to further the success of the Group.

The Committee endeavours to set levels of basic salary and remuneration in line with those in comparable groups, and to reward excellent performance by way of discretionary bonuses whilst ensuring that the executive directors have a long term interest in the Group.

The Company's policy in relation to share option schemes and long term incentive schemes is to provide the necessary mechanisms for employees to participate in the long term success of the Group by schemes which can be operated both in the UK and in overseas jurisdictions where local legislation permits. The partnership plan, which is explained in the Directors' Report on page 21, rewards performance at both subsidiary company and Group level.

Under the Restricted Share Scheme, awards have been made to certain executive directors on the basis of prior year performance targets having been met and such awards, as explained below, are not subject to any further performance criteria upon exercise. In 2000 awards were made under the Restricted Share Scheme to selected executive directors which will be exercisable, on a sliding scale, only if growth in earnings per share exceeds targets as detailed below. It is intended that awards will be made on this basis in 2001 and subsequent years.

The various elements of the remuneration package of executive directors are set out below:

Basic Salary

Basic salaries and benefits are reviewed annually. In considering appropriate levels of remuneration the Committee considers remuneration data for companies in the same business sector and has given full consideration to the Code provisions on Directors' remuneration.

Performance Related Remuneration

The performance related remuneration paid to the executive directors is comprised of the following elements:

Discretionary Bonus Payments

Individual discretionary bonus payments are made to the executive directors based on (a) the results of the Group as a whole; (b) where applicable, the results of the relevant business group for which the director has responsibility; and (c) the performance of the individual and his specific contribution to the results.

Share Option Schemes and Long Term Incentive Schemes

The Company operates various share option schemes detailed in the Directors' Report and under note 25 on page 53.

Certain executive directors are participants in the Jardine Lloyd Thompson Sharesave Scheme, the Jardine Lloyd Thompson Group Executive Share Option Scheme, the various JIB Group executive schemes (now in run off) and the Jardine Lloyd Thompson Restricted Share Scheme. Full details of such participation is set out in note 5 on pages 38 to 41.

As noted in the Directors' Report variable vesting periods and conditions may be applied in respect of particular awards made by the trustees under the Restricted Share Scheme.

Performance related awards

As detailed in the Annual Report in 1999, following the achievement of

Remuneration Report

performance criteria and targets for 1999, awards of ordinary shares in the Company were made to certain directors under the Restricted Share Scheme on 21st March, 2000. The awards will be exercisable in March 2003 for nominal consideration, subject to continued employment within the Group. The exercise of the aforementioned awards will not be subject to any further performance criteria.

On 21st March, 2000, further performance related awards of ordinary shares under the Restricted Share Scheme were made to Messrs K A Carter (200,000 shares), A D J B Collins (100,000 shares), and S P McGill (100,000 shares). These awards are exercisable for a nominal consideration in March 2003 subject to achievement of performance criteria noted below.

The performance measure by reference to which options become exercisable is the growth in earnings per share over a three year period compared with the earnings per share of the financial year ending immediately before the options are granted. In order for any of the options to be exercisable, the growth in earnings per share must exceed the

growth in the retail prices index by more than an annual average of 2%. All the options will be exercisable if the growth in earnings per share exceeds the increase in the retail prices index by an annual average of 10% or more. If earnings per share performance is between these points, the options will be exercisable on a pro-rata basis.

Up to one half of the award will be exercisable in 2003 according to growth in earnings per share achieved in 2000 over 1999 within the target range as set out above and pro-rated as appropriate. The remainder of the award will be exercisable, in 2003, according to the growth achieved over the three year period 2000 – 2002, compared to 1999, again pro-rata within the same target range. On the basis of the results for 2000, approximately 31% of the performance related awards made in March 2000 will be exercisable in March 2003, the balance of 69% will be exercisable according to the growth achieved over the said three year period.

The value of annual awards are based on the aggregate of the participant's base salary and performance bonus for

the financial year immediately preceding the grant of the award. Options are granted over shares having a value of up to 200% of a participant's base salary and performance bonus at the time of grant.

The Committee intends to recommend to the scheme trustees that further awards under the Restricted Share Scheme be made to selected executive directors in 2001. These awards will be exercisable in 2004 for nominal consideration subject to achievement of the aforementioned performance criteria.

Pensions

Mr S P McGill and Mr G W Stuart-Clarke received personal pension allowances for the year under review. In addition, certain executive directors participated in either what was formerly the Senior Executive section of the Lloyd Thompson Pension and Assurance Scheme or the Jardine Lloyd Thompson Group Pension Scheme

(formerly the Jardine Insurance Brokers Pension Scheme) as set out below. The two schemes were merged with effect from 1st February, 1998, preserving benefits under each of the schemes.

The details for each director are set out in the table below:

DIRECTORS AT 31 DEC 00	Age at 31 Dec 00	Pension scheme	Pension pa accrued at 31 Dec 99	Pension pa increase due to inflation during 2000	Pension pa increase excluding inflation during 2000	Pension pa accrued at 31 Dec 00	Contributions payable by director during 2000	Retirement age	Spouse's fraction
R J O Barton	56	JLT	£147,619	£4,871	£6,558	£159,048	£3,413	60	0.500
K A Carter	57	LT	£173,518	£5,726	£22,751	£201,995	£20,000	60	0.667
A D J B Collins	44	LT	£67,515	£2,228	£6,398	£76,141	£11,875	60	0.667
J P Hastings-Bass	46	JLT	£50,731	£1,674	£5,569	£57,974	£4,663	60	0.500
S P McGill	42	LT	£21,673	£715	£1,732	£24,120	£4,525	60	0.667
G W Stuart-Clarke	51	N/A							

DIRECTORS WHO RETIRED 29 FEB 00	Age at 29 Feb 00	Pension scheme	Pension pa accrued at 31 Dec 99	Pension pa increase due to inflation	Pension pa increase excluding inflation to 29 Feb 00	Pension pa accrued at 29 Feb 00	Contributions payable by director to 29 Feb 00	Retirement age	Spouse's fraction
D E Corben	54	JLT	£243,891	£1,323	£2,309	£247,523	£1,861	60	0.500
R D Guy	53	N/A							
E J Lloyd	44	LT	£82,693	£449	£1,810	£84,952	£2,500	60	0.667
J P Marland	43	LT	£71,995	-	-	£71,995	-	60	0.667

Notes to table

Pension Scheme

LT indicates that the Director was formerly a member of the Lloyd Thompson Pension and Assurance Scheme and continues to accrue benefits on the scale provided by that scheme for service whilst a member of the Jardine Lloyd Thompson Scheme.

JLT indicates that the Director accrues benefits on the scale provided by the Jardine Lloyd Thompson Pension Scheme (formerly the Jardine Insurance Brokers Pension Scheme).

Pension Increases

LT pensions in payment are guaranteed to increase by 5% per annum (subject to Inland Revenue limits).

JLT pensions accrued after 6th April, 1997 are guaranteed to increase in payment in line with the Retail Prices Index, subject to a maximum of 5% per annum compound.

Discretionary Benefits

There are no discretionary benefits taken into account when calculating transfer values.

JLT pensions accrued before 6th April, 1997 are guaranteed to increase in payment as follows:

- Pension in excess of the Guaranteed Minimum Pension: 3% per annum compound.
- Guaranteed Minimum Pension accrued after 6th April, 1988: in line with the Retail Prices Index subject to a maximum of 3% per annum compound.

Early Retirement Rights

With the exception of Mr K A Carter who may retire at 58, the Directors have no guaranteed right to early retirement.

Pension Allowances paid by the Group

	<i>Year ended</i> 31st December, 2000	<i>Year ended</i> <i>31st December, 1999</i>
	£'000	£'000
G W Stuart-Clarke	36	32
R D Guy	–	23
S P McGill	50	–

Other Benefits

Other benefits comprise life assurance cover equal to four times basic salary, company cars which may be used for private purposes, or a cash alternative in lieu thereof, and private medical and permanent health cover for the executive directors and their families.

Directors' Interests

As shown in note 5 to the financial statements, the executive directors have significant holdings of shares and share options in the Company. The Committee is required to approve the grant of all options which, in the case of those granted under the Jardine Lloyd Thompson Group Executive Share Option Scheme, may only be exercised if there has been sustained improvement in the Company's earnings per share compared with the Retail Price Index.

Non-Executive Directors

The non-executive directors receive directors' fees. They do not participate in any bonus or share option schemes, enjoy any pension benefits nor, save for a company car provided to Mr C G R Leach, receive any other benefits.

The contracts of employment in respect of the non-executive directors provide for renewable three year terms subject to three months notice provision and retirement by rotation at the Annual General Meeting.

Service Contracts and Notice Periods

Each of the executive directors has a service contract with the Company. All such contracts can be terminated by the Group giving notice not exceeding one year.

Full details of the components of the remuneration of each director, including information on share options and other benefits, are set out in note 5 on pages 38 to 41.

For and on behalf of the Board

Rodney Leach

Chairman – Remuneration Committee

9th March, 2001

Independent Auditors' Report

For the year ended 31st December, 2000

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report, the chairman's statement, the operating and financial review and the corporate governance statement.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st December, 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICEWATERHOUSECOOPERS 

Chartered Accountants and Registered Auditors

London

9th March, 2001

Consolidated Profit and Loss Account

For the year ended 31st December, 2000

	Notes	Continuing operations		Discontinued	2000 £'000	1999 £'000
		Acquisitions		operations		
		2000 £'000	2000 £'000	2000 £'000		
TURNOVER	1	273,459	12,003	1,816	287,278	250,987
Investment income	2	20,795	345	85	21,225	18,400
OPERATING REVENUE		294,254	12,348	1,901	308,503	269,387
Trading expenses (excluding exceptional items)	3	(229,632)	(10,391)	(2,577)	(242,600)	(209,939)
Exceptional items	6	(2,840)	-	-	(2,840)	2,358
OPERATING COSTS		(232,472)	(10,391)	(2,577)	(245,440)	(207,581)
OPERATING PROFIT		61,782	1,957	(676)	63,063	61,806
Share of operating profit in associates		5,246	-	4	5,250	5,229
Profits/(losses) on the sale or closure of operations – exceptional	7	9,669	-	(513)	9,156	(463)
Amounts written off investments – exceptional	8	(3,043)	-	-	(3,043)	-
Interest payable and similar charges	9	(1,424)	(89)	-	(1,513)	(1,407)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1, 10	72,230	1,868	(1,185)	72,913	65,165
Taxation on profit on ordinary activities	11				(20,664)	(19,208)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION					52,249	45,957
Minority interests					(1,060)	(1,054)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS					51,189	44,903
Dividends	12				(27,883)	(25,323)
RETAINED PROFIT FOR THE PERIOD	27				23,306	19,580
EARNINGS PER SHARE	14					
Basic					27.2p	24.0p
Diluted					26.4p	23.6p
Basic, excluding exceptional items					25.7p	23.4p
Diluted, excluding exceptional items					24.9p	23.0p
Basic, excluding exceptional items and goodwill amortisation					26.6p	23.7p
Diluted, excluding exceptional items and goodwill amortisation					25.8p	23.3p

Balance Sheets

As at 31st December, 2000

	Notes	Group		Company	
		2000 £'000	1999 £'000	2000 £'000	1999 £'000
FIXED ASSETS					
Intangible assets	15	59,004	14,741	-	-
Tangible assets	16	21,043	17,087	-	-
Investments in subsidiary undertakings	17	-	-	26,415	26,415
Investments in associated undertakings	17	5,350	14,971	1,512	1,338
Other investments	17	68	61	-	-
Employee benefit trusts	18	7,833	6,266	-	86
		93,298	53,126	27,927	27,839
CURRENT ASSETS					
Debtors	19	1,899,804	1,572,153	115,144	48,557
Investments and deposits	20	246,228	243,914	-	-
Cash	20	68,862	44,906	1,301	1,187
		2,214,894	1,860,973	116,445	49,744
CREDITORS – amounts falling due within one year	21	(2,149,585)	(1,809,286)	(89,772)	(38,413)
NET CURRENT ASSETS		65,309	51,687	26,673	11,331
TOTAL ASSETS LESS CURRENT LIABILITIES		158,607	104,813	54,600	39,170
CREDITORS – amounts falling due after more than one year	22	(936)	(906)	-	-
PROVISIONS FOR LIABILITIES AND CHARGES	23	(50,827)	(41,330)	-	-
MINORITY INTERESTS		(2,088)	(780)	-	-
	1	104,756	61,797	54,600	39,170
CAPITAL AND RESERVES					
Called up share capital	24	9,676	9,573	9,676	9,573
Share premium account	27	13,192	9,866	13,192	9,866
Shares to be issued	27	10,373	-	10,373	-
Merger reserve	27	-	-	9,604	9,604
Profit and loss account	27	71,515	42,358	11,755	10,127
SHAREHOLDERS' FUNDS		104,756	61,797	54,600	39,170

Approved by the Board on 9th March, 2001 and signed on its behalf by:

G W Stuart-Clarke

FINANCE DIRECTOR

Statement of Recognised Gains and Losses

For the year ended 31st December, 2000

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
PROFIT FOR THE PERIOD		
Group companies	48,192	41,772
Share of associates	2,997	3,131
	51,189	44,903
Currency translation and other items	(245)	(1,580)
TOTAL RECOGNISED GAINS RELATING TO THE PERIOD	50,944	43,323

Reconciliation of Movement in Shareholders' Funds

For the year ended 31st December, 2000

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
PROFIT FOR THE PERIOD		
Group companies	48,192	41,772
Share of associates	2,997	3,131
	51,189	44,903
Dividends	(27,883)	(25,323)
Goodwill movements	6,096	146
Currency translation and other items	(245)	(1,580)
New shares issued	3,429	1,866
Shares to be issued	10,373	-
NET MOVEMENT IN SHAREHOLDERS' FUNDS	42,959	20,012
OPENING SHAREHOLDERS' FUNDS	61,797	41,785
CLOSING SHAREHOLDERS' FUNDS	104,756	61,797

Consolidated Cash Flow Statement

For the year ended 31st December, 2000

	<i>Notes</i>	2000 £'000	<i>1999</i> <i>£'000</i>
OPERATING ACTIVITIES			
Net cash inflow from operating activities	28(a)	59,319	23,910
DIVIDENDS FROM JOINT VENTURES AND ASSOCIATES			
Dividends received from associates		1,854	1,754
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		21,260	18,942
Interest paid – bank loans		(193)	(201)
Interest paid – other loans and finance leases		(120)	(146)
Dividends paid to minority shareholding		(112)	(1,316)
TAXATION			
UK corporation tax paid		(13,835)	(14,513)
Overseas tax paid		(5,021)	(6,021)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of intangible fixed assets		-	(22)
Purchase of tangible fixed assets		(9,103)	(7,678)
Sale of tangible fixed assets		888	1,050
ACQUISITIONS AND DISPOSALS			
Purchase of investments by employee benefit trusts		(4,238)	(4,664)
Purchase of subsidiary undertakings	28(d)	(29,413)	(10,952)
Net cash acquired with subsidiaries	28(d)	1,774	109
Disposal of businesses	28(e)	4,907	196
Net cash disposed of with businesses	28(e)	40	(2)
Investment in associated undertakings		(3,268)	(41)
Sale of fixed asset investments		175	196
EQUITY DIVIDENDS PAID			
Dividends paid		(26,344)	(23,807)
NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(1,430)	(23,206)
MANAGEMENT OF LIQUID RESOURCES			
Net cash flows (into)/out of investments and deposits	28(c)	(3,236)	35,053
FINANCING			
Issue of ordinary shares	28(b)	3,429	1,866
Movement in debt	28(b)	(6,732)	(2,128)
(Decrease)/Increase in cash (excluding insurance broking funds)		(7,969)	11,585
Increase/(Decrease) in net insurance broking creditors		28,652	(26,719)
Net insurance broking cash at date of acquisition or disposal		1,849	149
INCREASE/(DECREASE) IN CASH IN THE YEAR	28(c)	22,532	(14,985)

Accounting Policies

The Group financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiary undertakings at 31st December, 2000. The profits and losses of subsidiary undertakings are consolidated as from the effective date of acquisition or to the effective date of disposal. No separate profit and loss account is presented for the Company, as permitted by S.230 of the Companies Act 1985.

The consolidated profit and loss account includes the income and administration expenses of the Lloyd Thompson Group Employee Share Ownership Plan ('ESOP') and the balance sheet of the Company and the consolidated balance sheet include the assets and liabilities of the ESOP. Shares in the Company held by the ESOP are shown as fixed asset investments of the Company. Where options over shares are granted at prices below cost less any provision for permanent diminution in value, the difference between such value and the relevant option price is charged as an operating cost on a straight line basis over the period of service of the employees in respect of which the options are granted.

Goodwill arising on consolidation

When the Company's shares are issued in respect of an acquisition the share premium account or merger reserve is

computed by reference to the market value of the shares at the effective date of acquisition. For acquisitions completed prior to 1st January, 1998, the difference between the cost of acquisition of shares in subsidiary undertakings and the fair value of the separable net tangible assets at that date is written off or added to reserves as goodwill or premium arising on consolidation and would be credited to or charged against reserves on subsequent disposal.

For acquisitions completed on or after 1st January, 1998, any goodwill arising has been stated as an intangible asset on the balance sheet and is amortised to the profit and loss account over a period of 20 years from the date of acquisition, as recommended by FRS 10.

Foreign currencies

Revenue and expenses expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date on which the transaction occurs or, in the case of transactions covered by related foreign exchange contracts, the rate of exchange specified in the contract. Assets and liabilities are translated at the rates ruling at the balance sheet date. All exchange differences arising from the settlement of trading transactions are included in the profit and loss account.

Subsidiary undertakings

Investments in subsidiary undertakings are stated in the balance sheet of the Company at cost less any provisions for permanent diminution in value.

Associated undertakings

The consolidated profit and loss account includes the Group's share of the profits of associated undertakings and the consolidated balance sheet includes the investments in associated undertakings at cost, less goodwill written off, plus the Group's share of post-acquisition reserves.

Overseas undertakings

The profit and loss accounts and cash flows of overseas subsidiary and associated undertakings are translated into sterling at the average rates of exchange applicable to the relevant periods. The balance sheets of overseas subsidiary and associated undertakings are translated at the rates ruling at the balance sheet dates. Exchange differences arising on the retranslation of the opening net assets of such undertakings and from the translation of their results at average rates are taken to reserves.

Turnover

Turnover represents retained brokerage and fees receivable. Credit is generally taken for brokerage when the debit note is issued or at the inception date of the policy, whichever is the later. Where premiums are due in instalments, brokerage is deferred to the due date of such instalments. Fees receivable are recognised in the period to which they relate or, where this cannot be determined with reasonable accuracy, on a cash basis.

Accounting Policies

Insurance broking debtors and creditors

Insurance brokers normally act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding such legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities in recognition of the fact that the insurance broker is entitled to retain investment income on any cash flows arising from such transactions.

Investments and investment income

Investments are stated at the lower of cost and market value except where they are held as fixed assets, in which case they are stated at cost less any provision for permanent diminution in value.

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

Pension costs

Contributions payable in respect of the defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. Valuation surpluses and deficits are similarly spread over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice. Actuarial reviews are normally carried out every three years.

Deferred taxation

Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that a liability

or asset is expected to be payable or receivable in the foreseeable future.

However, no deferred taxation asset is recognised for carried forward tax losses, or to the extent that assets exceed liabilities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation which 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	<i>between 0% and 2% per annum</i>
Leasehold improvements	<i>between 10% and 20% per annum or over the life of the lease</i>
Furniture and office equipment	<i>between 10% and 20% per annum</i>
Computer equipment	<i>between 20% and 100% per annum</i>
Motor vehicles	<i>between 25% and 33 1/3% per annum</i>

Leased assets

Assets held under leasing agreements which transfer substantially all the risks and rewards of ownership to the Group are included in tangible fixed assets. The capital elements of the related lease obligations are included in creditors. The interest elements of the lease obligations are charged to the profit and loss account as incurred.

Rental payments made in respect of all other leasing arrangements are treated as operating leases and charged to the profit and loss account.

Vacant property

Provision is made for the future rental cost of vacant property. In calculating the provision required, account is taken of the duration of the lease and any recovery of cost achievable from subletting.

Provisions for liabilities and charges

In accordance with the requirements of Financial Reporting Standard 12 (FRS 12) (Provisions, Contingent Liabilities and Contingent Assets) the Group has discounted certain provisions to their present value. The notional interest charge representing the unwinding of the provision discounting is included within 'Interest payable and similar charges' in the profit and loss account.

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.

Financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange and interest rate risks. These include forward currency contracts, currency options and forward rate agreements.

Forward rate agreements are held off-balance sheet and receipts and payments on settlement of these instruments are recognised as adjustments to investment income on an accrual basis over the life of the hedge.

Changes to the fair value of foreign exchange contracts held as hedges against transactional exposure are not recognised until the maturity of the contract.

Notes to the Financial Statements

For the year ended 31st December, 2000

1 Segmental information

	<i>Continuing operations</i>			<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
	<i>Group</i>	<i>Acquisitions</i>	<i>Discontinued</i>		
	<i>companies</i>	<i>2000</i>	<i>operations</i>		
TURNOVER	2000	2000	2000	2000	1999
<i>Geographical analysis by location of operation:</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Europe (including UK)	163,489	12,003	14	175,506	146,468
Asia Pacific	51,936	-	636	52,572	47,855
Americas	58,034	-	1,166	59,200	56,664
	273,459	12,003	1,816	287,278	250,987
<i>Geographical analysis by source of business:</i>					
Europe (including UK)	98,037	12,003	14	110,054	92,319
Asia Pacific	62,471	-	636	63,107	54,863
Americas	109,864	-	1,166	111,030	100,683
Rest of the World	3,087	-	-	3,087	3,122
	273,459	12,003	1,816	287,278	250,987

	<i>Continuing operations</i>					<i>Total</i>	<i>1999</i> <i>£'000</i>
	<i>Group</i>	<i>Acquisitions</i>	<i>Associates</i>	<i>Discontinued</i>	<i>Exceptional</i>		
	<i>companies</i>	<i>2000</i>	<i>2000</i>	<i>operations</i>	<i>items</i>		
<i>Profit on ordinary activities before taxation:</i>	<i>2000</i>	<i>2000</i>	<i>2000</i>	<i>2000</i>	<i>2000</i>	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Europe (including UK)	48,358	1,957	5,106	(201)	9,288	64,508	51,067
Asia Pacific	9,248	-	140	235	(372)	9,251	6,621
Americas	7,016	-	-	(706)	(5,643)	667	8,884
	64,622	1,957	5,246	(672)	3,273	74,426	66,572
Interest payable	(1,161)	(89)	(263)	-	-	(1,513)	(1,407)
	63,461	1,868	4,983	(672)	3,273	72,913	65,165

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
NET OPERATING ASSETS AND LIABILITIES		
Europe (including UK)	84,284	51,590
Asia Pacific	19,116	16,540
Americas	3,052	(2,372)
	106,452	65,758
Bank and other loans, loan notes and obligations under finance leases	(1,696)	(3,961)
	104,756	61,797

Notes to the Financial Statements

For the year ended 31st December, 2000

2 Investment income

	<i>Continuing operations</i>		<i>Discontinued operations</i>	<i>2000</i>	<i>1999</i>
	<i>Group companies</i>	<i>Acquisitions</i>			
	<i>2000</i>	<i>2000</i>			
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Interest receivable	20,784	345	85	21,214	18,374
Dividends on own shares	11	-	-	11	26
	20,795	345	85	21,225	18,400

3 Trading expenses

	<i>Continuing operations</i>		<i>Discontinued operations</i>	<i>2000</i>	<i>1999</i>
	<i>Group companies</i>	<i>Acquisitions</i>			
	<i>2000</i>	<i>2000</i>			
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Salaries and associated expenses	161,207	7,199	1,555	169,961	144,873
Premises	16,698	565	206	17,469	16,750
Other costs	51,727	2,627	816	55,170	48,316
	229,632	10,391	2,577	242,600	209,939

4 Employee information

	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>
STAFF COSTS, INCLUDING DIRECTORS' REMUNERATION		
Salaries	134,543	114,304
Social security costs	12,044	10,038
Pension costs	9,949	8,722
Other staff costs	13,425	11,809
	169,961	144,873

ANALYSIS OF EMPLOYEES

	<i>2000</i>	<i>1999</i>
AVERAGE NUMBER OF PERSONS EMPLOYED BY THE GROUP DURING THE YEAR		
Europe (including UK)	1,688	1,536
Asia Pacific	1,061	1,044
Americas	946	1,011
	3,695	3,591

Notes to the Financial Statements

For the year ended 31st December, 2000

5 Directors' remuneration and interests

I) THE REMUNERATION OF THE DIRECTORS WHO SERVED DURING THE YEAR IS DETAILED BELOW:

Director	Notes	Performance			Total 2000 £'000	Total 1999 £'000	Pensions 2000 £'000	Pensions 1999 £'000
		Salary and fees £'000	related bonuses £'000	Other benefits £'000				
R J O Barton		140	-	17	157	157	25	24
C G R Leach		20	-	5	25	25	-	-
R C Tomkinson		35	-	-	35	35	-	-
K A Carter	2	400	250	16	666	578	100	91
C Chouraqui		19	-	-	19	12	-	-
A D J B Collins		238	225	16	479	417	59	56
D E Corben (retired 29th February, 2000)		75	-	-	75	528	13	74
R D Guy (retired 29th February, 2000)		-	-	-	-	419	-	23
J P Hastings-Bass		190	150	16	356	296	34	30
E J Lloyd (retired 29th February, 2000)		50	-	3	53	383	10	61
J P Marland (retired 29th February, 2000)		18	-	3	21	595	5	42
S P McGill		238	260	29	527	479	69	22
Lord Powell (retired 10th January, 2001)		12	-	-	12	12	-	-
E A R D de Rothschild		12	-	-	12	12	-	-
T R Sermon		25	-	-	25	25	-	-
G W Stuart-Clarke		180	150	16	346	277	36	32
		1,652	1,035	121	2,808	4,250	351	455

Notes

- 1 The pension contribution shown is taken as the relevant scheme normal cost charged by the employer or Group multiplied by pensionable salary or payments in respect of individual pension plans.
- 2 The accrued pension of the highest paid director at the end of the year is disclosed on page 27.

II) THE INTERESTS OF THE DIRECTORS AT 1ST JANUARY, 2000 AND AT 31ST DECEMBER, 2000 IN THE ORDINARY SHARES OF JARDINE LLOYD THOMPSON GROUP PLC ARE SET OUT BELOW:

	31st December, 2000		1st January, 2000	
	Beneficial interest	Non-beneficial interest	Beneficial interest	Non-beneficial interest
R J O Barton	40,000	-	40,000	-
K A Carter	1,127,000	75,000	1,127,000	75,000
C Chouraqui	137,900	-	137,900	-
A D J B Collins	100,000	-	360,000	-
J P Hastings-Bass	102,115	-	23,347	-
C G R Leach	22,500	-	22,500	-
S P McGill	2,754,889	-	3,254,889	-
T R Sermon	2,250	-	2,250	-
G W Stuart-Clarke	23,500	-	23,500	-
R C Tomkinson	7,000	-	7,000	-
	4,317,154	75,000	4,998,386	75,000

Notes to the Financial Statements

For the year ended 31st December, 2000

5 Directors' remuneration and interests (continued)

In addition, executive directors are deemed to be interested in a scheme operated by the Group under an employee benefit trust; the Jardine Lloyd Thompson Restricted Share Scheme ('JLT Scheme'). This scheme operates on a discretionary basis under a trust.

At 31st December, 2000 ordinary shares held under this scheme were as follows:

	<i>Ordinary shares</i>
Total held by trustees	4,392,050
of which: <i>Allocated</i>	3,387,718
<i>Unallocated</i>	1,004,332

By virtue of the Companies Act 1985, each executive director of the Company, being a member of a class of potential beneficiaries of the above schemes, is deemed to have an interest in all the ordinary shares held by the trustees of the above schemes.

Since the end of the year, at 9th March, 2001 (being the latest practicable date prior to the posting of this report), a further 177,662 ordinary shares have been acquired by the trustees of the JLT Scheme which, at 9th March, 2001, are unallocated.

Mr S L Keswick was beneficially interested in 3,598 ordinary shares of the Company upon his appointment on 10th January, 2001.

Notes to the Financial Statements

For the year ended 31st December, 2000

5 Directors' remuneration and interests (continued)

III) THE HOLDINGS BY DIRECTORS OF OPTIONS OVER ORDINARY SHARES IN THE COMPANY, ARE AS SHOWN BELOW:

	<i>At 1st January, 2000</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>At 31st December, 2000</i>	<i>Exercise price</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>	<i>Note</i>
R J O Barton	50,000	-	50,000	-	nominal	01 03 00	28 02 04	a)
	50,000	-	-	50,000	nominal	12 04 02	11 04 06	a)
	-	50,000	-	50,000	nominal	01 03 03	28 02 07	a)
	-	4,613	-	4,613	£2.10	01 07 03	31 12 03	b)
K A Carter	100,000	-	100,000	-	nominal	01 03 00	28 02 04	a)
	100,000	-	-	100,000	nominal	12 04 02	11 04 06	a)
	200,000	-	-	200,000	nominal	01 03 02	09 09 06	a)
	-	200,000	-	200,000	nominal	01 03 03	28 02 07	a)
	7,991	-	-	7,991	£1.22	01 02 01	31 07 01	b)
A D J B Collins	120,000	-	120,000	-	nominal	30 06 00	06 06 04	a)
	100,000	-	-	100,000	nominal	12 04 02	11 04 06	a)
	200,000	-	-	200,000	nominal	01 03 02	09 09 06	a)
	-	100,000	-	100,000	nominal	01 03 03	28 02 07	a)
	7,991	-	-	7,991	£1.22	01 02 01	31 07 01	b)
J P Hastings-Bass	12,144	-	12,144	-	82.375p	18 07 93	17 07 00	d)
	12,144	-	-	12,144	£2.3837	23 04 96	22 04 03	e)
	40,000	-	-	40,000	£1.60	10 10 97	09 10 04	e)
	6,624	-	6,624	-	£1.25	01 06 00	31 12 00	b)
	7,352	-	-	7,352	£1.22	01 02 03	31 07 03	b)
	100,000	-	100,000	-	nominal	01 03 00	28 02 04	a)
	100,000	-	-	100,000	nominal	12 04 02	11 04 06	a)
	200,000	-	-	200,000	nominal	01 03 02	09 09 06	a)
	-	3,857	-	3,857	£2.10	01 07 05	31 12 05	b)
S P McGill	100,000	-	-	100,000	nominal	12 04 02	11 04 06	a)
	200,000	-	-	200,000	nominal	01 03 02	09 09 06	a)
	-	100,000	-	100,000	nominal	01 03 03	28 02 07	a)
	-	100,000	-	100,000	nominal	01 03 03	28 02 07	a)
G W Stuart-Clarke	76,500	-	26,500	50,000	£1.73	17 11 97	16 11 04	c)
	100,000	-	50,000	50,000	nominal	01 03 00	28 02 04	a)

- a) These options are held under the Jardine Lloyd Thompson Group Restricted Share Scheme operated in conjunction with an Employee Share Ownership Plan Trust. Awards are generally exercisable between 36 months and 84 months after the date of award. The exercise price is a nominal £1 for the total shares awarded. Performance criteria attach to certain awards as explained in the Remuneration Report.
- b) Options held under the Jardine Lloyd Thompson Group Sharesave Scheme 1997 (which is a 3 or 5 year savings related share option scheme) or under the JIB Group plc SAYE Scheme 1991 (a 5 year savings related share option scheme).
- c) Options held under the Jardine Lloyd Thompson Group Executive Share Option Scheme.
- d) Options held under the Jardine Insurance Services Limited Executive Share Option Scheme 1987.
- e) Options held under the JIB Group plc Executive Share Option Scheme 1991.

No options held by directors lapsed during the year. The middle market price of ordinary shares at 31st December, 2000 was 483.5p and the range during the period 1st January, 2000 to 31st December, 2000 was 217p to 496p.

With the exception of the above noted directors' interests, no director had any additional interest in the share capital of the Company during the year.

On 28th February, 2001 A D J B Collins exercised, for £1.22 per share, an option over 7,991 ordinary shares held under the Jardine Lloyd Thompson Sharesave Option Scheme.

At 9th March, 2001, (being the latest practicable date prior to the posting of this report), no further changes of directors' interests have been notified since the end of the year.

Notes to the Financial Statements

For the year ended 31st December, 2000

ANALYSIS OF REALISED SHARE OPTION GAINS

	<i>Options exercised (number of shares)</i>	<i>Date exercised/ sold</i>	<i>Market value £</i>	<i>Realised gains £'000</i>
R J O Barton	50,000	03 03 00	2.58	129
K A Carter	100,000	23 11 00	4.21	421
A D J B Collins	120,000	04 08 00	3.22	386
J P Hastings-Bass	40,000	23 11 00	4.21	168
G W Stuart-Clarke	50,000	03 03 00	2.58	129
	26,500	01 08 00	3.13	37

6 Exceptional items

	2000 £'000	1999 £'000
Acquisition integration costs – Burke Ford Group	(2,442)	-
Acquisition integration costs – Abbey National Benefit Consultants	(398)	-
Discounting of property provisions	-	3,935
Discounting of deferred consideration	-	124
Provision for future rental costs	-	(1,701)
	(2,840)	2,358

Costs arising from the integration of acquisitions made during the year have been treated as exceptional operating costs.

In 1999, the implementation of FRS12 required certain provisions to be discounted to their present value. The impact on property provisions, including a further provision for future rental costs, was treated as an exceptional operating cost together with the effect on provisions for deferred consideration.

Notes to the Financial Statements

For the year ended 31st December, 2000

7 Profits/(losses) on the sale or closure of operations – exceptional

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Restructuring of shareholding in SIACI SA	12,210	-
Sale of Horan, Goldman Companies Inc	2,320	-
Sale of Jardine Southern Risk Managers Inc	883	-
Sale of Jardine MacNeill, Inc	(3,274)	-
Sale of JLT Direct Club Services Limited	(139)	-
Sale of Jardine Underwriting Agencies Pty Limited	(331)	-
Sale of Cosmos Jardine (Europe) Limited	134	-
Sale of Personal Connect LLC	(63)	-
Liquidation of Textile Insurance Services Limited	(43)	-
Provision for impairment of goodwill	(2,541)	(377)
Sale of Jardine Maritime	-	341
Sale of Structured Settlements Business, Canada	-	(194)
Closure of Environmental Risk Management, Malaysia	-	(233)
	9,156	(463)

During the current and prior year, the Group has sold or closed a number of operations and made impairment provisions against the carrying value of goodwill in businesses which are in the process of being sold. In addition during the year the Group has restructured its shareholding in SIACI. The resulting profits and losses from these transactions have been treated as exceptional items.

8 Amounts written off investments – exceptional

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
dotRisk Group	(3,043)	-

During the year the Group invested in an e-business venture to develop an insurance claims exchange, initially holding a 30% stake. Following a change in ownership in December, the Group held 72% of the share capital at the year end. It is the Group's intention to reduce this stake back to the initial 30% as soon as is practical. On this basis the subsidiary has been excluded from the consolidation and the investment has been written down to represent Group's share of the net assets based on the expected future shareholding, £224,000. The write down of this investment has been treated as an exceptional item. The results and the book values of the assets and liabilities of dotRisk in the period, post the change of ownership, were not significant to these financial statements.

Notes to the Financial Statements

For the year ended 31st December, 2000

9 Interest payable

	<i>Continuing Operations</i>		<i>2000</i> £'000	<i>1999</i> £'000
	<i>2000</i> £'000	<i>2000</i> £'000		
Interest payable on bank loans & advances wholly repayable within five years	52	71	123	223
Interest payable on other loans & finance leases wholly repayable within five years	144	18	162	151
Interest payable by Group companies	196	89	285	374
Share of interest payable by associates	263	-	263	146
Notional interest in respect of provision discounting	965	-	965	887
	1,424	89	1,513	1,407

10 Profit on ordinary activities before taxation

	<i>2000</i> £'000	<i>1999</i> £'000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING THE FOLLOWING ITEMS:		
Goodwill amortisation	1,766	571
Depreciation and amortisation of owned assets	6,815	5,923
Depreciation of assets held under finance leases	481	348
Operating lease rentals : <i>Land and buildings</i>	12,090	13,824
<i>Plant and machinery</i>	1,117	1,135
Gain on sale of assets	(201)	(373)
Auditors' remuneration	594	592

The auditors' remuneration noted above, relates to the aggregate remuneration of the auditors of the combined operations currently constituted as the Group. Of the auditors' remuneration £80,250 (1999: £77,900) arose in relation to the holding company. In addition, amounts paid to the auditors in respect of non audit work amounted to £71,000 (1999: £177,000).

Notes to the Financial Statements

For the year ended 31st December, 2000

11 Taxation on profit on ordinary activities

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
UK CORPORATION TAX		
Current tax on income for the period	13,391	11,496
Adjustments in respect of prior periods	110	(16)
Tax on share of operating profit in associates	103	285
	13,604	11,765
FOREIGN TAX		
Current tax on income for the period	5,961	5,800
Adjustments in respect of prior periods	(801)	5
Tax on share of operating profit in associates	1,900	1,638
	7,060	7,443
	20,664	19,208
Taxation on profit before exceptional items	20,314	18,522
Taxation charge on exceptional items	350	686
	20,664	19,208

12 Dividends

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Proposed – final dividend 8.50p per share (1999: 7.75p)	16,377	14,838
Paid – interim dividend 6.0p per share (1999: 5.50p)	11,506	10,485
	27,883	25,323

13 Holding company profit and loss account

The Company has taken advantage of the exemption contained within Section 230 of the Companies Act 1985 not to present its own profit and loss account. Profit for the year dealt with in the accounts of the Company is £29,512,000 (1999: £27,670,000).

Notes to the Financial Statements

For the year ended 31st December, 2000

14 Earnings per share

- i Basic earnings per share are calculated by dividing the profit after taxation and minority interests by the weighted average number of shares in issue.
- ii Diluted earnings per share are calculated by dividing the profit after taxation and minority interests by the adjusted weighted average number of shares in issue.
- iii Basic earnings per share, excluding exceptional items, are calculated by dividing the adjusted profit excluding exceptional items by the weighted average number of shares in issue.
- iv Diluted earnings per share, excluding exceptional items, are calculated by dividing the adjusted profit excluding exceptional items by the adjusted weighted average number of shares in issue.
- v Basic earnings per share, excluding exceptional items and goodwill amortisation are calculated by dividing the adjusted profit excluding exceptional items and goodwill amortisation by the weighted average number of shares in issue.
- vi Diluted earnings per share, excluding exceptional items and goodwill amortisation are calculated by dividing the adjusted profit excluding exceptional items and goodwill amortisation by the adjusted weighted average number of shares in issue.

The weighted average number of shares in issue has been calculated after excluding the Group's share of SIACI's interest in the share capital of Jardine Lloyd Thompson Group plc together with the shares held by the Trustees of the Employees' Share Ownership Plan Trust in respect of the Jardine Lloyd Thompson Group Restricted Share Scheme.

	<i>2000</i> <i>Number</i> <i>of shares</i>	<i>1999</i> <i>Number</i> <i>of shares</i>
Weighted average number of shares in issue	187,864,234	186,758,407
Effect of outstanding share options	5,912,456	3,455,798
Adjusted weighted average number of shares	193,776,690	190,214,205

	<i>2000</i>		<i>1999</i>		
	<i>Basic</i> <i>pence per</i> <i>share</i>	<i>Diluted</i> <i>pence per</i> <i>share</i>	<i>Basic</i> <i>pence per</i> <i>share</i>	<i>Diluted</i> <i>pence per</i> <i>share</i>	
	<i>£'000</i>		<i>£'000</i>		
<i>Earnings reconciliation</i>					
PROFIT AFTER TAXATION AND MINORITY INTERESTS	51,189	27.2	44,903	24.0	23.6
Exceptional items	2,840	-	(2,358)	-	-
(Profits)/losses on the sale or closure of operations – exceptional	(9,156)	-	463	-	-
Amounts written off investments – exceptional	3,043	-	-	-	-
Taxation credit on exceptional items	350	-	686	-	-
	(2,923)	(1.5)	(1,209)	(0.6)	(0.6)
ADJUSTED PROFIT EXCLUDING EXCEPTIONAL ITEMS	48,266	25.7	43,694	23.4	23.0
Goodwill amortisation	1,766	0.9	571	0.3	0.3
ADJUSTED PROFIT EXCLUDING EXCEPTIONAL ITEMS AND GOODWILL AMORTISATION	50,032	26.6	44,265	23.7	23.3

Notes to the Financial Statements

For the year ended 31st December, 2000

15 Intangible fixed assets

In accordance with FRS 10 (Goodwill and Intangible Assets), goodwill arising on acquisitions made on or after 1st January, 1998 is stated as an intangible asset on the balance sheet and amortised to the profit and loss account over a period of 20 years from the date of acquisition.

Goodwill in respect of acquisitions made prior to 1st January, 1998 remains written off directly to reserves except as noted in note 27 on page 54.

Goodwill is reviewed in accordance with the requirements of FRS 11 (Impairment of Fixed Assets and Goodwill) to determine if any such impairment exists. Where appropriate, any impairment has been recognised and treated as an exceptional item to the extent it relates to a continuing business. To the extent this relates to a business that is to be discontinued, it has been included within Profit/(losses) on the sale or closure of operations – exceptional.

Impairment is calculated by reference to the estimated future cash flows of the business with an appropriate discount rate where the effect of discounting would be significant.

	<i>2000</i> <i>£'000</i>
GROUP	
<i>Cost</i>	
AT 1ST JANUARY, 2000	15,983
Exchange adjustment	(10)
Acquisitions	47,849
Disposals	(377)
AT 31ST DECEMBER, 2000	63,445
<i>Amortisation</i>	
AT 1ST JANUARY, 2000	1,242
Exchange adjustment	48
Charge for the year	1,766
Disposals	(377)
Impairment loss	1,762
AT 31ST DECEMBER, 2000	4,441
<i>Net book value</i>	
AT 31ST DECEMBER, 2000	59,004
At 31st December, 1999	14,741

Notes to the Financial Statements

For the year ended 31st December, 2000

16 Tangible fixed assets

GROUP	<i>Land & buildings</i> £'000	<i>Leasehold improvements</i> £'000	<i>Furniture, equipment and motor vehicles</i> £'000	<i>Computer equipment</i> £'000	<i>Total</i> £'000
<i>Cost</i>					
AT 1ST JANUARY, 2000	-	11,782	15,721	38,934	66,437
Exchange adjustment	-	(9)	127	531	649
Additions	-	2,370	2,425	4,308	9,103
Companies acquired	1,074	1,058	3,987	1,617	7,736
Sold businesses	-	(141)	(482)	(684)	(1,307)
Disposals	-	(313)	(3,370)	(1,316)	(4,999)
AT 31ST DECEMBER, 2000	1,074	14,747	18,408	43,390	77,619
<i>Depreciation</i>					
AT 1ST JANUARY, 2000	-	4,708	11,115	33,527	49,350
Exchange adjustment	-	(12)	148	411	547
Charge for the year	3	884	1,895	4,514	7,296
Companies acquired	-	589	2,531	1,299	4,419
Sold businesses	-	(40)	(315)	(519)	(874)
Disposals	-	(241)	(2,621)	(1,300)	(4,162)
AT 31ST DECEMBER, 2000	3	5,888	12,753	37,932	56,576
<i>Net book value</i>					
AT 31ST DECEMBER, 2000	1,071	8,859	5,655	5,458	21,043
At 31st December, 1999	-	7,074	4,606	5,407	17,087

The net book value of tangible fixed assets held under finance leases is as follows:

	2000 £'000	1999 £'000
Furniture, equipment and motor vehicles	1,703	1,269
Computer equipment	79	-
	1,782	1,269

Notes to the Financial Statements

For the year ended 31st December, 2000

17 Investments

GROUP	Associated undertakings			Total £'000	Other investments £'000
	Shares £'000	Advances £'000	Share of retained profit £'000		
<i>Cost</i>					
AT 1ST JANUARY, 2000	7,834	22	8,083	15,939	61
Exchange difference	(133)	-	(19)	(152)	(4)
Additions	3,268	-	-	3,268	20
Companies acquired	(241)	-	967	726	16
Share of retained profit for the period	-	-	1,273	1,273	-
Amounts written off	(3,043)	-	-	(3,043)	-
Disposal	(6,026)	(22)	(6,019)	(12,067)	(25)
AT 31ST DECEMBER, 2000	1,659	-	4,285	5,944	68
<i>Provisions</i>					
AT 1ST JANUARY, 2000	968	-	-	968	-
Exchange differences	45	-	-	45	-
Disposal	(419)	-	-	(419)	-
AT 31ST DECEMBER, 2000	594	-	-	594	-
<i>Net book value</i>					
AT 31ST DECEMBER, 2000	1,065	-	4,285	5,350	68
At 31st December, 1999	6,866	22	8,083	14,971	61

Included within 'Other investments' are investments listed principally on the London Stock Exchange with an aggregate net book value of £14,000 (1999: £8,000) and a market value of £32,000 (1999: £22,000).

Details of principal subsidiary and associated undertakings are shown in note 32 on page 65.

COMPANY	Subsidiary undertakings £'000	Associated undertakings £'000
<i>Cost</i>		
AT 1ST JANUARY, 2000	26,415	1,338
Acquisitions	-	242
Disposals	-	(68)
AT 31ST DECEMBER, 2000	26,415	1,512

Notes to the Financial Statements

For the year ended 31st December, 2000

18 Employee benefit trusts

The Group operates a scheme under an employee benefit trust: the Jardine Lloyd Thompson Restricted Share Scheme ('JLT Scheme'). The scheme operates on a discretionary basis under a trust.

In addition the Group operates a Deferred Compensation Scheme represented principally by Unit Trusts. Investments held by this scheme are accounted for in the same way as the 'Own shares' held by the employee benefit trusts and are classified as fixed assets on the balance sheet.

Details of movements during the year are as follows:

	<i>Own shares</i>	<i>Other</i>	<i>Group</i>	<i>Company</i>
	<i>£'000</i>	<i>investments</i>	<i>£'000</i>	<i>£'000</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
AT 1ST JANUARY, 2000	5,770	496	6,266	86
Additions	4,067	246	4,313	-
Disposals	(75)	-	(75)	(75)
Charge for the year	(2,546)	(125)	(2,671)	(11)
AT 31ST DECEMBER, 2000	7,216	617	7,833	-

The inclusion within the financial statements of the income, administration expenses, assets and liabilities of the Lloyd Thompson Group Employee Share Ownership Plan (in run-off) and the provisions representing the charge to operating cost in respect of options over shares granted to employees gave rise to an increase in consolidated profit on ordinary activities after taxation of £17,000 (1999: decrease – £106,000) and an increase in the balance of the profit and loss account as at 31st December, 2000 of £186,000 (1999: increase – £169,000).

19 Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Insurance debtors	1,840,340	1,544,063	-	-
Other debtors and prepayments	59,464	28,090	4	103
Corporation tax recoverable	-	-	-	1,539
Amounts due from Group undertakings	-	-	115,140	46,915
	1,899,804	1,572,153	115,144	48,557

Notes to the Financial Statements

For the year ended 31st December, 2000

20 Investments, deposits and cash

Investments, deposits and cash includes £20,997,000 (1999: £21,203,000) in respect of cash and deposits held with Matheson Bank Limited, a UK authorised institution under the Banking Act 1987, which is a wholly-owned subsidiary of Matheson & Co., Limited, and £328,000 (1999: £357,000) in respect of cash and deposits held with the Jardine Matheson group treasury department.

The Group includes as liquid resources, term deposits of less than a year, certificates of deposit and government securities.

In compliance with the requirements of Lloyd's, certain Group companies in the United Kingdom had entered into trust deeds under which their insurance broking account assets were subject to a first floating charge in favour of the Society of Lloyd's for the benefit of their insurance creditors. These charges were released on 3rd July, 2000 when Lloyd's ceased to regulate broking companies. At 31st December, 1999 the insurance broking account assets referred to comprised insurance debtors of £1,339,274,000 and cash and deposits of £187,729,000. Insurance creditors of £1,477,151,000 were secured through this arrangement. There were no outstanding charges as at 31st December, 2000.

21 Creditors – amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank and other loans and overdrafts	-	2,445	-	-
Unsecured loan notes	86	148	-	-
Insurance creditors	2,056,678	1,730,341	-	-
Amounts owed to Group undertakings	-	-	72,259	23,201
Obligations under finance leases	674	462	-	-
Proposed dividends	16,377	14,838	16,377	14,838
Corporation tax	10,036	9,954	-	-
Other creditors	65,734	51,098	1,136	374
	2,149,585	1,809,286	89,772	38,413

Other creditors include £3,467,000 in respect of social security and other taxes (1999: £1,932,000) for the Group and £Nil (1999: £Nil) for the Company.

Notes to the Financial Statements

For the year ended 31st December, 2000

22 Creditors – amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Obligations under finance leases	936	906	-	-
	936	906	-	-
BANK AND OTHER LOANS AND OVERDRAFTS				
<i>Bank and other loans and overdrafts are repayable as follows:</i>				
Within one year	-	2,445	-	-
	-	2,445	-	-
FINANCE LEASES				
<i>Net obligations under finance leases are repayable as follows:</i>				
Within one year	674	462	-	-
Between one and two years	470	347	-	-
Between two and five years	466	559	-	-
	1,610	1,368	-	-

Notes to the Financial Statements

For the year ended 31st December, 2000

23 Provisions for liabilities and charges

	<i>At 1st Jan 2000</i>	<i>Exchange movement</i>	<i>Reclassification from current liabilities</i>	<i>Utilised in the year</i>	<i>Transfer from/ (to) profit & loss account</i>	<i>Notional interest charge</i>	<i>Companies acquired/ sold</i>	<i>At 31st Dec 2000</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property related provisions	16,751	226	-	(2,603)	705	694	-	15,773
Lloyd's reconstruction and renewal plan	1,737	-	-	(941)	(77)	-	14	733
Pension holiday provisions	9,590	174	2,521	-	(2,390)	-	-	9,895
Pension mis-selling provisions	3,874	-	-	(635)	166	-	75	3,480
Litigation provisions	7,450	58	-	(1,921)	3,244	-	(163)	8,668
Deferred consideration	1,928	133	-	(991)	-	271	10,706	12,047
Reorganisation provision	-	-	-	-	231	-	-	231
	41,330	591	2,521	(7,091)	1,879	965	10,632	50,827

In accordance with the requirements of Financial Reporting Standard 12 (FRS 12) the Group has discounted certain provisions to their present value. The notional interest charge represents the unwinding of the provision discounting, and has been included as part of 'Interest payable and similar charges' within the profit and loss account.

24 Share capital

	<i>Number of shares</i>	<i>Nominal value £'000</i>
AUTHORISED		
Ordinary shares of 5p each	250,000,000	12,500
ISSUED		
At 1st January, 2000	191,460,957	9,573
Issued during the period	2,052,405	103
AT 31ST DECEMBER, 2000	193,513,362	9,676

During the year there have been the following changes in the share capital of the company:

- Between 1st January and 31st December, 2000 the Company issued 371,452 ordinary shares for a consideration of £462,867.50 to UK employees and 206,890 ordinary shares for a consideration of £229,531.54 to overseas employees following exercises by employees of options held (in local currency) under the JIB Group plc SAYE Share Option Scheme 1991 and the Jardine Lloyd Thompson Group Sharesave Option Scheme.
- Between 1st January and 31st December, 2000 the Company issued 227,968 ordinary shares for a consideration of £493,964.72 following exercises by a former employee of options held under the JIB Group plc Overseas Executive Share Option Scheme 1991 (USA).
- Between 1st January and 31st December, 2000 the Company issued 172,960 ordinary shares for a consideration of £285,944.35 following exercises by executives of options held under the JIB Group plc Overseas Executive Share Option Scheme 1991 (Rest of the World).
- Between 1st January and 31st December, 2000 the Company issued 185,008 ordinary shares for a consideration of £199,641.09 following exercises by executives of options held under the Jardine Insurance Services Limited Executive Share Option Scheme 1987.
- Between 1st January and 31st December, 2000 the Company issued 150,960 ordinary shares for a consideration of £301,605.63 following exercises by executives and former executives of options held under the JIB Group plc Executive Share Option Scheme 1991.
- Between 1st January and 31st December, 2000 the Company issued 737,167 ordinary shares for a consideration of £1,429,371.41 following exercises by executives of options held under the Jardine Lloyd Thompson Group plc Executive Share Option Scheme.

Notes to the Financial Statements

For the year ended 31st December, 2000

25 Employee share option schemes

At 31st December, 2000	<i>Number of shares '000</i>	<i>Subscription prices</i>	<i>Exercisable</i>
JIB GROUP PLC Executive Share Option Scheme 1991 (UK)	363	140p-238p	2001-2006
JIB GROUP PLC Overseas Executive Share Option Scheme 1991	784	130p-238p	2001-2006
JARDINE LLOYD THOMPSON GROUP PLC Executive Share Option Scheme	5,263	134p-319p	2001-2010
TOTAL EXECUTIVE SCHEMES	6,410		
SHARESAVE SCHEMES (1997 AND 2000)	4,642	122p-210p	2001-2005
TOTAL JARDINE LLOYD THOMPSON GROUP PLC SHARE OPTION SCHEMES	11,052		

Notes

- i In certain overseas jurisdictions the option price is expressed in local currency equivalent to the above sterling prices.
- ii The option prices are shown to the nearest penny.
- iii In addition to the above, fully paid ordinary shares were held by trustees under employee benefit trusts (see note 18):

JARDINE LLOYD THOMPSON RESTRICTED SHARE SCHEME (allocated – 3,387,718 / unallocated – 1,004,332)	4,392,050
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26 Minority interests and related party transactions

- i On 5th December, 1997 the Group entered into an option agreement with Mr Henrik Berggren and other key executives ('the Management') to purchase their interests in two companies, JLT Financial Solutions AB ('JLT FS') and Financial Solutions Ltd ('FSL'). JLT owns 31% of the issued share capital of JLT FS but has voting control of the company by reason of its share structure. JLT owns 51% of the issued share capital of FSL. The remaining shares in both companies are owned by the Management.
- ii On 9th February, 1998 the Group entered into an agreement to establish Agnew Higgins & Company Limited, subsequently renamed Agnew Higgins Pickering & Company Limited ('Agnew Higgins'). Under the terms of the Agreement a new company was formed, BGHPW Ltd ('NewCo') in which JLT holds 76% of the voting shares and 15% of the non-voting shares which carry the dividend rights. Andrew Agnew and others ('the Management') hold the balance. The non-voting shares have the entire economic interest in Agnew Higgins.

There is an Option Agreement which contains put and call options in respect of the Management's non-voting and voting shares in NewCo. These may be exercised between March 2003 and March 2005. The consideration payable will be calculated on a formula dependent upon the results of Agnew Higgins for the two financial years prior to exercise, relative to the profits of JLT. The maximum consideration under the Option Agreement will be limited to 6.25% of the then issued share capital of JLT. At the option of JLT, the consideration may be satisfied by cash and/or the issue of new shares in JLT.

Notes to the Financial Statements

For the year ended 31st December, 2000

26 Minority interests and related party transactions (continued)

- iii On 19th April 2000 a subsidiary of the company, Jardine Lloyd Thompson UK Holdings Limited, entered into an agreement to combine its UK retail insurance and employee benefit operations with Burke Ford (Holdings) Limited and its subsidiaries ('the Burke Ford Group'). Certain Burke Ford Group shareholders received a total cash payment of £5 million on completion. The continuing Burke Ford Group shareholders hold a minority interest of 19% in the combined business through the newly created holding company, Jardine Lloyd Thompson UK Holdings Limited. The minority interest is subject to an option agreement which contains put and call options over the shares held by continuing Burke Ford Group shareholders which may be exercised, in normal circumstances, between March 2006 and March 2008. The Jardine Lloyd Thompson UK Holdings Limited Group has been fully consolidated in these financial statements and the option arrangements have been recorded as deferred consideration in respect of the acquisition of the Burke Ford Group.

27 Reserves

	<i>Share premium £'000</i>	<i>Shares to be issued £'000</i>	<i>Merger reserve £'000</i>	<i>Profit & loss account £'000</i>	<i>Total £'000</i>
GROUP					
AT 1ST JANUARY, 2000	9,866	-	-	42,358	52,224
Exchange movement	-	-	-	(245)	(245)
Retained profit for the period	-	-	-	23,306	23,306
Shares issued	3,326	-	-	-	3,326
Shares to be issued in respect of acquisitions during the year	-	10,373	-	-	10,373
GOODWILL MOVEMENTS:					
Disposals	-	-	-	5,610	5,610
Provision for impairment	-	-	-	778	778
Adjustment to prior year estimates	-	-	-	(292)	(292)
AT 31ST DECEMBER, 2000	13,192	10,373	-	71,515	95,080

The aggregate amount of goodwill written off at 31st December, 2000 was £135,382,000 (1999: £142,132,000).

COMPANY

AT 1ST JANUARY, 2000	9,866	-	9,604	10,127	29,597
Retained profit for the period	-	-	-	1,628	1,628
Shares issued	3,326	-	-	-	3,326
Shares to be issued in respect of acquisitions during the year	-	10,373	-	-	10,373
AT 31ST DECEMBER, 2000	13,192	10,373	9,604	11,755	44,924

Notes to the Financial Statements

For the year ended 31st December, 2000

28 Notes to the consolidated cash flow statement

	2000	1999
	£'000	£'000
(A) NET CASH INFLOW FROM OPERATING ACTIVITIES		
RECONCILIATION OF PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION TO NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES		
Profit on ordinary activities before taxation	72,913	65,165
Investment income receivable	(21,225)	(18,400)
Interest payable on finance leases	123	151
Interest payable on bank loans	162	223
Unwinding of provision discounting	965	887
Depreciation	7,296	6,271
ESOP amortisation	2,671	1,413
Goodwill amortisation	1,766	571
Profit on sale of fixed asset investments	(150)	(171)
Profit on sale of tangible fixed assets	(51)	(202)
Share of results of associated undertakings	(4,987)	(5,083)
Exceptional items	2,840	(2,358)
(Profit)/losses on the sale or closure of operations – exceptional	(9,156)	463
Amounts written off investments – exceptional	3,043	-
Decrease in debtors excluding insurance broking balances	65	1,869
Increase/(decrease) in creditors excluding insurance broking balances	9,737	(11,066)
Decrease in provisions for liabilities and charges	(6,693)	(15,823)
NET CASH FLOW FROM OPERATING ACTIVITIES (EXCLUDING INSURANCE BROKING FUNDS)	59,319	23,910
(B) ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD		
BALANCE AT 1ST JANUARY, 2000	19,439	3,961
Cash flows from financing	3,429	(6,732)
Acquisition or disposals of businesses	-	4,653
Exchange	-	(186)
BALANCE AT 31ST DECEMBER, 2000	22,868	1,696

Share capital including premium
£'000

Loans and finance lease obligations
£'000

Notes to the Financial Statements

For the year ended 31st December, 2000

28 Notes to the consolidated cash flow statement (continued)

(C) ANALYSIS OF NET FUNDS	<i>At 1st Jan 2000</i> £'000	<i>Cash flow</i> £'000	<i>Acquisitions & disposals</i> £'000	<i>Exchange movements</i> £'000	<i>At 31st Dec 2000</i> £'000
Cash	44,906	18,869	4,585	502	68,862
Investments and deposits	243,914	3,236	(922)	-	246,228
Loan notes	(148)	62	-	-	(86)
Overdrafts	-	290	(290)	-	-
Finance leases	(1,368)	156	(484)	86	(1,610)
Debts due within one year	(2,445)	6,224	(3,879)	100	-
	284,859	28,837	(990)	688	313,394

(D) ACQUISITIONS

During the period the following acquisitions and additional investments in existing businesses were completed:

	<i>Cost</i> £'000
Burke Ford Holdings Limited	23,274
Abbey National Benefit Consultants Limited	24,018
Other businesses acquired	2,917
	50,209

	<i>Burke Ford Group</i>			<i>Total</i> £'000
	<i>Assets at acquisition</i> £'000	<i>Fair value adjustments</i> £'000	<i>Accounting policy alignment</i> £'000	
ASSETS AND LIABILITIES OF BUSINESSES ACQUIRED				
Tangible fixed assets	3,612	(705)	-	2,907
Other investments	16	-	-	16
Insurance broking debtors	15,983	-	-	15,983
Debtors	835	-	(452)	383
Cash at bank – insurance broking funds	6,717	-	-	6,717
Insurance broking creditors	(20,662)	-	-	(20,662)
Creditors	(2,954)	-	(314)	(3,268)
Taxation	(249)	-	-	(249)
Bank overdrafts	(290)	-	-	(290)
Term loans	(3,879)	-	-	(3,879)
Finance leases	(613)	-	-	(613)
Provisions for liabilities and charges	(283)	(89)	-	(372)
	(1,767)	(794)	(766)	(3,327)

Notes to the Financial Statements

For the year ended 31st December, 2000

28 Notes to the consolidated cash flow statement (continued)

(D) ACQUISITIONS (CONTINUED)

	<i>Abbey National Benefit Consultants</i>			Total £'000
	<i>Assets at acquisition £'000</i>	<i>Fair value adjustments £'000</i>	<i>Accounting policy alignment £'000</i>	
Tangible fixed assets	753	-	(365)	388
Insurance broking debtors	40	-	-	40
Debtors	7,334	-	-	7,334
Cash at bank	1,774	-	-	1,774
Creditors	(3,370)	-	-	(3,370)
Taxation	(125)	-	-	(125)
	6,406	-	(365)	6,041

ASSETS AND LIABILITIES OF BUSINESSES ACQUIRED – SUMMARY	<i>Burke Ford Group £'000</i>	<i>Abbey National Benefit Consultants £'000</i>	<i>Other businesses £'000</i>	2000 £'000	<i>1999 £'000</i>
	Tangible fixed assets	2,907	388	22	3,317
Investment in associated undertakings	-	-	726	726	(7)
Other investments	16	-	20	36	-
Insurance broking debtors	15,983	40	(365)	15,658	122
Debtors	383	7,334	59	7,776	180
Cash at bank	-	1,774	-	1,774	109
Cash at bank – insurance broking funds	6,717	-	66	6,783	149
Insurance broking creditors	(20,662)	-	-	(20,662)	(283)
Creditors	(3,268)	(3,370)	(615)	(7,253)	(245)
Taxation	(249)	(125)	-	(374)	-
Bank overdrafts	(290)	-	-	(290)	(12)
Term loans	(3,879)	-	-	(3,879)	-
Finance leases	(613)	-	-	(613)	(43)
Provisions for liabilities and charges	(372)	-	-	(372)	-
Minority interests	-	-	(559)	(559)	1,483
	(3,327)	6,041	(646)	2,068	1,570
Goodwill	26,601	17,977	3,563	48,141	9,459
Cost of acquisition	23,274	24,018	2,917	50,209	11,029
COST OF ACQUISITION COMPRISED					
Cash	5,160	22,612	1,641	29,413	10,952
Deferred consideration	7,741	1,406	1,276	10,423	77
Shares to be issued	10,373	-	-	10,373	-
	23,274	24,018	2,917	50,209	11,029

Except as disclosed above, all assets and liabilities are stated at their fair value, no adjustment has been made to their book value. Due to the proximity of the acquisition of Abbey National Benefit Consultants to the year end, the fair value adjustments relating to the acquisition are provisional.

Goodwill arising during the year in respect of 'Other businesses' includes £292,000 relating to the revision of previous estimates for deferred consideration. As the acquisitions these estimates relate to were completed prior to 1st January, 1998 the additional goodwill has been treated as a movement in reserves during the year.

Notes to the Financial Statements

For the year ended 31st December, 2000

28 Notes to the consolidated cash flow statement (continued)

(E) DISPOSALS

	<i>Proceeds</i> <i>£'000</i>
Horan, Goldman Companies Inc.	4,035
Jardine Southern Risk Managers Inc.	941
Jardine MacNeill Inc.	(718)
SIACI SA	24,569
JLT Direct Club Services Limited	(14)
Jardine Underwriting Agencies Pty Limited	3
Cosmos Jardine (Europe) Limited	246
Other small businesses none of which were individually significant	414
	29,476

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
ASSETS AND LIABILITIES OF BUSINESSES SOLD		
Intangible fixed assets	-	28
Tangible fixed assets	433	16
Investment in associates	11,647	-
Insurance broking debtors	2,380	-
Debtors	871	95
Investments and deposits – insurance broking funds	922	-
Cash at bank – insurance broking funds	4,012	-
Cash at bank	(40)	2
Insurance broking creditors	(5,979)	-
Creditors	(1,161)	(18)
Taxation	(357)	-
Finance leases	(129)	(7)
Provisions for liabilities and charges	(163)	-
Minority interests	(267)	-
	12,169	116
Gain/(loss) on disposal	11,697	(86)
	23,866	30
Goodwill previously written off	5,610	166
PROCEEDS	29,476	196
PROCEEDS SATISFIED BY		
Cash	4,907	196
Cash received after year-end	24,569	-
	29,476	196

Goodwill eliminated during the year related to businesses acquired prior to 1st January and has therefore been treated as a movement in reserves during the year.

Notes to the Financial Statements

For the year ended 31st December, 2000

29 Commitments

	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>
(A) CAPITAL COMMITMENTS		
Authorised not contracted	1,262	152
Contracted not provided	366	33
	1,628	185
(B) OPERATING LEASE COMMITMENTS		
The Group has annual commitments under operating leases as set out below:		
LAND AND BUILDINGS		
Expiring within one year	748	395
Expiring within two to five years	5,106	4,553
Expiring over five years	12,683	11,830
	18,537	16,778
OTHER		
Expiring within one year	333	740
Expiring within two to five years	1,352	1,303
Expiring over five years	-	614
	1,685	2,657
(C) PENSION COMMITMENTS		
The Group operates a number of pension schemes throughout the world, most of which are of the defined benefit type and operate on a funded basis.		
TOTAL PENSION COST		
UK	7,237	6,260
Overseas	2,712	2,462
	9,949	8,722

Notes to the Financial Statements

For the year ended 31st December, 2000

29 Commitments (continued)

(C) PENSION COMMITMENTS (CONTINUED)

Until 31st January, 1998 the two main schemes that the Company participated in were the Jardine Lloyd Thompson Pension Scheme and the Lloyd Thompson Pension and Assurance Scheme. With effect from 1st February, 1998, the Lloyd Thompson Pension and Assurance Scheme was merged into the Jardine Lloyd Thompson Pension Scheme. The combined scheme continues as the Jardine Lloyd Thompson Pension Scheme. The Lloyd Thompson Pension and Assurance Scheme will cease to exist.

The Jardine Lloyd Thompson Pension Scheme is based in the UK and provides benefits based on Final Pensionable Salary. The assets of the Scheme are held in a trustee administered fund separate from the Company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees working lives with the Company. The contributions are determined by a qualified actuary on the basis of regular valuations using the projected unit method.

The last formal valuation of the Jardine Lloyd Thompson Pension Scheme was undertaken at 1st February, 1998 by a qualified actuary employed by a group company. At that date, the market valuation of the Scheme's assets, excluding insured annuities, was £147,753,000 and the actuarial value of these assets represented 107% of the value of the benefits that had accrued to members after allowing for expected future increases in salary. The most influential assumptions underlying the valuation of the Scheme were that investment return would exceed the annual rate of increase in pensionable salaries by 2% per annum and that pensions would increase in accordance with the Scheme rules.

A provision of £7,858,000 has been made at the balance sheet date and represents the excess of the accumulated pension costs over the amount funded. The Scheme's costs to the Group for the period was £7,237,000 net of the adjustments to contributions resulting from the valuations. The contribution rate has been determined using the projected unit credit method

The principal overseas schemes are:

- a) The JLT (USA) Incentive Savings Plan which is a defined contribution scheme. Employees may contribute up to 15% of their salary up to a maximum allowed by law – US\$10,500 in 2000 – and the Group contributes at a rate of 40% of each 1% contributed by the employee up to a maximum employee contribution of 4%.
- b) The JLT (USA) Employee Retirement Plan which is a defined benefit scheme. Pension cost is assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method. The latest actuarial valuation was undertaken at 31st December, 2000, at which date the main assumption used to set the contribution rate was that the annual rate of investment return exceeded the annual rate of increase in pensionable earnings by 4.5%. The aggregate market value of the scheme's assets was US\$38,815,278 and the actuarial value of these assets represented 129% of the accrued liabilities at that date.

A provision of US\$3,036,000 has been made at the balance sheet date. The Scheme's cost to the Group for the period was US\$87,000 net of adjustments to contributions resulting from the valuation.

(D) FORWARD FOREIGN EXCHANGE CONTRACTS AND OPTIONS

In the normal course of business the Group enters into forward foreign exchange contracts and options to hedge its exposure to currency exchange differences on future brokerage income. At 31st December, 2000 the Group had contracts amounting to a principal value of £172,845,000 (1999: £92,474,000).

(E) OTHER FINANCIAL COMMITMENTS

In the normal course of business the Group enters into forward interest rate agreements to hedge its exposure to interest rate movements on cash balances held. At 31st December, 2000 the Group had outstanding contracts amounting to £108,202,000 (1999: £72,812,000).

(F) CONTINGENT LIABILITIES/GUARANTEES

In the normal course of business the Group has received certain claims for which provision, where appropriate, has been made in these accounts. As at 31st December, 2000, the Company has given no guarantees in respect of subsidiary companies' indebtedness (1999: £Nil).

Notes to the Financial Statements

For the year ended 31st December, 2000

30 Derivatives and other financial instruments

FINANCIAL INSTRUMENTS

This note contains disclosures as required under FRS 13, Derivatives and other Financial Instruments:

The Group's financial instruments other than derivatives, comprise cash, short term deposits, negotiable money market investments, borrowings, finance leases and provisions in respect of property commitments. Short-term debtors and creditors (other than borrowings) have been excluded from the following disclosures.

As explained on pages 16 and 17 of the Financial Review and pages 23 and 24 of the Directors' Report, the Group enters into derivative transactions to manage the fluctuations in currency and interest earnings that arise from changes in foreign exchange and interest rates. The Group uses forward foreign exchange contracts, currency options and forward rate agreements matched by underlying investments to manage these risks.

The Group finances its operations principally by the cash generated by operating companies and to a lesser extent by the use of borrowings and finance leases.

INTEREST RATE AND CURRENCY PROFILE OF FINANCIAL ASSETS/FINANCIAL LIABILITIES

The Group's financial liabilities consist of finance leases, loan notes and provisions to cover property commitments. The following table provides an analysis of the borrowings between fixed and floating elements:

CURRENCY	<i>Total gross borrowings</i> £'000	<i>Floating rate</i> £'000	<i>Fixed rate</i> £'000	<i>Other financial liabilities</i> £'000	<i>Weighted average fixed rate as at 31st Dec 00</i>	<i>Weighted average time fixed years</i>
Sterling	557	557	-	13,831	-	-
Australian dollars	1,132	1,132	-	-	-	-
Other	7	7	-	1,942	-	-
TOTAL	1,696	1,696	-	15,773	-	-

Other financial liabilities represent property provisions under which no interest is paid.

The maturity profile of the carrying amounts of the Groups' financial liabilities as at 31st December, 2000 is as follows:

	<i>Borrowings/ overdrafts</i> £'000	<i>Finance leases</i> £'000	<i>Loan notes</i> £'000	<i>Other financial liabilities</i> £'000	<i>Total</i> £'000
Within 1 year	-	674	86	3,066	3,826
Between 1 and 2 years	-	470	-	2,419	2,889
Between 2 and 5 years	-	466	-	10,288	10,754
TOTAL	-	1,610	86	15,773	17,469

As at 31st December, 2000 the Group has undrawn committed borrowing facilities of £20m due for renewal in December 2001.

Notes to the Financial Statements

For the year ended 31st December, 2000

30 Derivatives and other financial instruments (continued)

Cash and investments consist of money market short-term deposits, commercial paper, certificates of deposit and money market funds.

The following table takes account of the interest rate hedges that were entered into by the Group:

CURRENCY	Total cash and investments £'000	Floating rate £'000	Fixed rate £'000	Weighted average fixed rate as at 31st Dec 00	Weighted average time fixed years
Sterling	95,445	72,662	22,783	6.16%	2.5
US dollars	163,571	128,404	35,167	5.87%	2.5
Australian dollars	25,309	25,309	-	-	-
Other	30,765	30,765	-	-	-
TOTAL	315,090	257,140	57,950	-	-

Cash and investments bear interest approximating to the currency LIBOR.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by category of book and fair values of all the Group's financial assets and liabilities as at 31st December, 2000:

	Book value £'000	Fair value £'000
Finance leases	(1,610)	(1,610)
Loan notes	(86)	(86)
Other financial liabilities – property provisions	(15,773)	(15,773)
Cash and investments	315,090	315,090
Forward rate agreements, used to manage interest rate risk	-	809
Foreign exchange options used to manage foreign exchange risk	-	(318)
Foreign exchange forward rate contracts	-	(23)

The fair value for property provisions has been calculated on the basis of present values of future cash flows using an appropriate discount reflecting market rates.

The fair value on cash, deposits, money market instruments and funds, bank borrowings and overdrafts approximates to the carrying value given the short maturity of the instruments.

Fair values of forward rate agreements, foreign exchange options and foreign exchange forward contracts are based on the market price of comparable financial instruments as at the balance sheet date.

Notes to the Financial Statements

For the year ended 31st December, 2000

30 Derivatives and other financial instruments (continued)

CURRENCY EXPOSURES

As explained on page 16 of the Financial Review the Group's major transaction exposure arises in respect of the US dollar revenue earned in the UK, where it accounts for approximately 54% of total UK revenue. The Group therefore adopts a prudent approach to the management of this exposure by maintaining a rolling hedging programme using forward contracts and options.

The currency exposure of the Group's net monetary assets/(liabilities) is shown in the table below. Such exposures comprise the monetary assets and monetary liabilities that are not denominated in the operating (or functional) currency of the operating unit involved.

<i>Functional currency of operation</i>	<i>Sterling £'000</i>	<i>US dollars £'000</i>	<i>Canadian dollars £'000</i>	<i>Australian dollars £'000</i>	<i>Other £'000</i>	<i>Total £'000</i>
Sterling	-	14,033	343	(53)	1,920	16,243
Hong Kong dollars	66	1,913	-	34	-	2,013
Singapore dollars	(101)	3,878	-	-	(574)	3,203
Other	(9)	3,738	-	3	-	3,732
TOTAL	(44)	23,562	343	(16)	1,346	25,191

As at 31st December, 2000 the Group also held open forward contracts and currency options totalling £172,845,000 taken out to hedge future US dollar revenue earned in the UK.

GAINS AND LOSSES ON INSTRUMENTS USED FOR HEDGING

The Group enters into forward foreign exchange contracts and options to manage the currency exposures that arise from its earnings denominated in foreign currency. It also uses forward rate agreements to manage its interest rate exposures. Changes in the fair value of instruments used for hedging are not recognised in the financial statements until the hedged position matures.

Unrecognised gains and losses on hedges at the period end are as follows:

	<i>Gains £'000</i>	<i>Losses £'000</i>	<i>Total £'000</i>
UNRECOGNISED GAINS/(LOSSES) ON HEDGES AS AT 1ST JANUARY, 2000	608	(1,187)	(579)
Gains/(losses) in previous years recognised in 2000	503	(935)	(432)
Gains/(losses) in previous years not recognised in 2000	105	(252)	(147)
Gains/(losses) in 2000 not recognised in 2000	4,536	(3,920)	616
UNRECOGNISED GAINS/(LOSSES) ON HEDGES AS AT 1ST JANUARY, 2001	4,641	(4,172)	469
<i>Of which</i>			
Gains/(losses) expected to be recognised within one year	2,266	(3,796)	(1,530)
Gains/(losses) expected to be recognised after one year	2,375	(376)	1,999
	4,641	(4,172)	469

FINANCIAL INSTRUMENTS USED FOR TRADING PURPOSES

The Group does not trade in financial instruments.

Notes to the Financial Statements

For the year ended 31st December, 2000

31 Jardine Matheson Group

In the normal course of business the Group undertakes, on an arms-length basis, a variety of transactions with the Jardine Matheson Group and its associates. Set out below are the details of the income and expenditure deriving from these transactions.

	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>
INCOME		
Brokerage fees and commissions	4,160	4,208
Interest receivable	1,083	1,032
	5,243	5,240
EXPENDITURE		
Administrative expenses – paid	416	358

Notes to the Financial Statements

For the year ended 31st December, 2000

32 Principal subsidiary and associated companies

The following were the principal subsidiary and associated undertakings at 31st December, 2000. 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. Where a company is not wholly owned, the percentage of the capital held is shown in brackets.

	<i>Country of incorporation/registration</i>	<i>Notes</i>
SUBSIDIARY UNDERTAKINGS		
Insurance Broking and Consulting		
Jardine Corretagem de Seguros Ltda (76.5%)	Brazil	
Jardine Lloyd Thompson Insurance Brokers Inc.	Philippines	
Jardine Lloyd Thompson Ireland Limited	Eire	
JLT Benefit Solutions Limited	England	c
JLT Corporate Risks Limited	England	
JLT Financial Consultants Limited	England	
JLT Benefit Consultants Limited	England	
JLT Risk Solutions Asia Pte Limited	Singapore	
Jardine Lloyd Thompson Australia Pty Limited	Australia	
Jardine Lloyd Thompson Limited	New Zealand	
Jardine Lloyd Thompson Canada Inc.	Canada	
Jardine Lloyd Thompson Limited	Hong Kong	b
Jardine Lloyd Thompson Asia Pte Limited	Singapore	
Jardine Lloyd Thompson Limited (49%)	Thailand	c, d
Jardine Lloyd Thompson Taiwan Limited	Taiwan	
PT Jardine Lloyd Thompson Indonesia (80%)	Indonesia	
JLT Services Corporation	USA	
Capital Risk Group, LLC (80%)	USA	
Capital Risk, LLC (80%)	USA	
Jardine Sayer & Company, Inc. (90%)	USA	c
JLT Risk Solutions Limited	England	
Agnew Higgins Pickering & Company Limited	England	f
Financial Solutions Limited (51%)	Bermuda	
JLT Financial Solutions AB (31%)	Sweden	e
JLT Risk Solutions (Bermuda) Limited	Bermuda	
JLT Risk Solutions Management (Bermuda) Limited	Bermuda	
Group Insurance		
Eagle & Crown Limited	Bermuda	
Managing General Agent		
Intermediary Insurance Services Inc	USA	
Intermediate Holding Company		
JLT Holdings (Bermuda) Limited	Bermuda	
JIB Group plc	England	
Jardine Lloyd Thompson UK Holdings Limited (81%)	England	b
JMIB Holdings BV	Netherlands	
JLT Holdings Inc (99.9%)	USA	d
ASSOCIATED UNDERTAKINGS		
Professional Affinity Group Services Limited (50%)	England	
Marot Participations SAS (31%)	France	
Kris Jardine Insurance Services Sdn Bhd (30%)	Malaysia	

Notes

Share capital divided into:

a ordinary and deferred shares

b ordinary and redeemable preferred shares

c ordinary and preferred shares

d 100% of Common Stock owned by the Group

e two classes of ordinary share (the Group holds 81.8% of the voting shares)

f 100% of voting capital

Five Year Review

Calendar year ended 31st December

	1996 £'000	1997 £'000	1998 £'000	1999 £'000	2000 £'000
TURNOVER	228,040	225,823	232,001	250,987	287,278
Investment income	22,526	19,976	22,646	18,400	21,225
OPERATING REVENUE	250,566	245,799	254,647	269,387	308,503
Trading expenses	(205,177)	(199,743)	(199,765)	(209,939)	(242,600)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	45,389	46,056	54,882	59,448	65,903
Operating exceptional items	(16,222)	(29,822)	-	2,358	(2,840)
OPERATING PROFIT	29,167	16,234	54,882	61,806	63,063
Share of operating profit in associates	5,267	6,047	5,217	5,229	5,250
Profits/(losses) on the sale or closure of operations – exceptional	-	-	3,623	(463)	9,156
Amounts written off investments – exceptional	-	-	-	-	(3,043)
Interest payable	(1,478)	(1,586)	(1,791)	(1,407)	(1,513)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	32,956	20,695	61,931	65,165	72,913
Taxation on profit on ordinary activities	(13,750)	(15,330)	(18,808)	(19,208)	(20,664)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19,206	5,365	43,123	45,957	52,249
Minority interests	(2,225)	(2,216)	(1,860)	(1,054)	(1,060)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	16,981	3,149	41,263	44,903	51,189
Dividends	(26,020)	(18,749)	(22,809)	(25,323)	(27,883)
RETAINED PROFIT/(LOSS) FOR THE YEAR	(9,039)	(15,600)	18,454	19,580	23,306
EARNINGS PER SHARE EXCLUDING EXCEPTIONAL ITEMS	16.90p	17.00p	20.70p	23.40p	25.70p
DIVIDENDS PER SHARE:					
Lloyd Thompson Group plc	19.25p	-	-	-	-
JIB Group plc	8.50p	-	-	-	-
Jardine Lloyd Thompson Group plc	-	10.00p	12.00p	13.25p	14.50p

The figures stated for 2000 and previous years are those originally published prior to the restatement dealt with in the 1999 financial statements in relation to FRS 12.

Advisers

Independent auditors

PricewaterhouseCoopers
Chartered Accountants,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY

Principal bankers

National Westminster Bank
City of London office,
1 Princes Street,
London EC2R 8PB

Bank of America NT & SA
1 Alie Street,
London E1 8DE

Registrars and transfer office

Capita IRG Plc
Bourne House,
34 Beckenham Road,
Beckenham,
Kent BR3 4TU
Telephone: 020 8639 2000

Stockbrokers

HSBC Investment Bank plc
Thames Exchange,
10 Queen Street,
London EC4R 1BL,
Telephone: 020 7336 9000

Shareholder Information

Financial calendar

Ex dividend date

11th April, 2001

Record date

17th April, 2001

Annual General Meeting

3rd May, 2001

Final dividend payable

14th May, 2001

Interim results announced

August, 2001

Interim dividend payable

October, 2001

Dividend mandates

Shareholders who wish dividends to be paid directly into a bank or building society account should contact Capita IRG plc or complete the dividend mandate form attached to their dividend cheque.

Secretary and registered office

D J Hickman FCIS

6 Crutched Friars,
London EC3N 2PH
Telephone: 020 7528 4444
Facsimile: 020 7528 4185

Company Registration Number 1679424



JARDINE LLOYD THOMPSON
Group plc

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Company Registration Number: 1679424