WILLIS GROUP SERVICES LIMITED

(Registered Number 1451456)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Directors

SE Wood
SW Gaffney
Willis Corporate Director Services Limited

Secretary

AC Peel

Registered Office

51 Lime Street
London EC3M 7DQ

Auditor

Deloitte LLP
London

WILLIS GROUP SERVICES LIMITED

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WILLIS GROUP SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Company activities and review of developments

The Company is a subsidiary of Willis Group Holdings plc ('the Group'). The Group is one of the world's leading professional service providers of risk management solutions, risk transfer expertise through insurance and reinsurance broking, and related specialised consultancy services. The Company provides financial, leasing, property holding and administrative services principally for subsidiaries of the Group. The Company's principal sources of revenue are from income on leased assets, fees receivable in respect of management services and recharges to other Group undertakings. Recharges are based on usage and are allocated using various methods including revenues and headcount.

There have been no significant changes in the Company's principal activities in 2013. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Results

The profit on ordinary activities after taxation amounted to £8 million (2012: £23 million) as shown in the profit and loss account on page 9. The decrease in profit is attributable to:

- no foreign exchange gain has arisen in 2013, as the Company entered into a series of foreign currency hedges of intercompany loans denominated in foreign currency towards the end of 2012. In 2012 there was a £16 million foreign exchange gain attributable to the fluctuation in the value of the pound to the US Dollar and to a lesser extent the Euro, the Brazilian Real and the Japanese Yen in relation to intercompany balances; and
- a decrease of £16 million in amounts charged to Group undertakings,

partly offset by:

- a decrease in operating expenses of £6 million;
- an increase in finance income of £5 million; and
- a decrease in the tax charge of £6 million.

Balance sheet

The balance sheet on page 10 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £8 million largely as a result of:

- £5 million net additions of tangible fixed assets;
- £9 million increase in deposits and cash; and
- £5 million increase in the corporation taxation group relief debtor;

partly offset by:

- £4 million increase in annual incentive scheme accrual; and
- £3 million increase in income tax and social security creditors.

The Group manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the Company, is discussed in the Group's financial statements which do not form part of this report.

Principal risks and uncertainties

The Company has intercompany balances with fellow Group undertakings in currencies other than pounds sterling, its functional currency, and is therefore exposed to movements in exchange rates. The Group's treasury function takes out contracts to manage this risk at a Group level.

The Company is party to a number of contracts, principally with other companies within the Willis Group. The Company is therefore exposed to contractual risk arising from events or circumstances which might make it unable to fulfil its contractual obligations, such as system failure or counterparty bank failure.

This Company is also exposed to additional risks by virtue of being part of the wider Group, including those relating to the current Eurozone situation. These risks have been discussed in the Group's financial statements which do not form part of this report.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

Environment

The Group recognises the importance of its environmental responsibilities, and its impact on the environment on a location by location basis, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 16.

The Group is committed to the participation and involvement of employees in the Group's business and to facilitating their personal development to its maximum potential.

Communication with employees concerning the objectives and performance of the Group is conducted through staff briefings and regular meetings, complemented by employee publications and video presentations. Feedback is continually sought from staff on a variety of business, management and human resources issues. These communication tools provide employees with the opportunity to contribute to the everyday running of the business and to support the achievement of the Group's vision and business strategy.

By Order of the Board

SE Wood
Director
51 Lime Street
London EC3M 7DQ

2 April 2014

WILLIS GROUP SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2013.

Strategic report

The Directors have approved the content of the Company's strategic report prepared in accordance with S414C(11) of the Companies Act. The report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2013, along with the principal risks faced in achieving its future objectives.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 12.

Dividends

No interim dividend was paid in the year (2012: £nil). The Directors do not recommend the payment of a final dividend (2012: £nil).

Events after the balance sheet date

Three dormant Group undertakings are currently in the process of being struck off. These companies agreed to waive the obligation for Willis Group Services Limited to repay the outstanding intercompany loan balances owed to them. This resulted in a £5 million credit to the profit and loss account of the Company in 2014.

Employees

It is the Group's policy, in keeping with the legislation in the countries in which it operates, to provide a working environment free from all forms of harassment and discrimination, including discrimination against disabled employees, with respect to employment continuity, training, career development and other employment practices.

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. There were no changes in Directors during the year or after the year end.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

Statement of Directors' responsibilities in relation to the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By Order of the Board

SE Wood
Director
51 Lime Street
London EC3M 7DQ

2 April 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS GROUP SERVICES LIMITED

We have audited the financial statements of Willis Group Services Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Movements in Shareholders' Funds and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS GROUP SERVICES LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Mark McIlquham (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

2 April 2014

WILLIS GROUP SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** **£m**	2012 £m
Turnover	2	**169**	185
Operating expenses		**(164)**	(170)
Operating income – foreign exchange gain		**-**	16
Operating profit	3	**5**	31
Finance income, net	6	**6**	1
Profit on ordinary activities before taxation		**11**	32
Tax charge on profit on ordinary activities	7	**(3)**	(9)
Profit on ordinary activities after taxation		**8**	23

All activities derive from continuing operations.

There are no recognised gains or losses in either 2013 or 2012 other than the profit for those years.

WILLIS GROUP SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 £m	2012 £m
Fixed assets			
Tangible assets	8	**109**	104
Current assets			
Debtors:			
Amounts falling due within one year	9	**763**	646
Amounts falling due after one year	9	**8**	8
		771	654
Deposits and cash		**34**	25
		805	679
Current liabilities			
Creditors: amounts falling due within one year	11	**(765)**	(642)
Net current assets		**40**	37
Total assets less current liabilities		**149**	141
Creditors: amounts falling due after more than one year	12	**(76)**	(76)
Provisions for liabilities	13	**(7)**	(6)
Net assets excluding pension liability		**66**	59
Pension liability	17	**(5)**	(6)
Net assets		**61**	53
Capital and reserves			
Called up share capital	14	**5**	5
Profit and loss account	15	**56**	48
Shareholders' funds		**61**	53

The financial statements of Willis Group Services Limited, registered company number 1451456, were approved by the Board of Directors and authorised for issue on .2...April..... 2014 and signed on its behalf by:

SE Wood
Director

WILLIS GROUP SERVICES LIMITED

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2013

Movement in shareholders' funds	2013 £m	2012 £m
Profit on ordinary activities after taxation	**8**	23
Net movement in shareholders' funds for the year	**8**	23
Shareholders' funds at beginning of year	**53**	30
Shareholders' funds at end of year	**61**	53

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies

Basis of preparation

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

The financial statements have been prepared:

- under the historical cost convention; and
- in accordance with applicable law and accounting standards in the United Kingdom.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The expectation is based on the following reasons:

- the Company is a group management company providing services within the Willis Group. It also acts as a treasury function maintaining the flow of funds from Group subsidiaries;
- the Company has net current assets of £40 million (2012: £37 million); and
- the Directors believe the Willis Group is a going concern.

For these reasons, the Directors continue to adopt the going concern basis in preparing the accounts. The Company's principal risks and uncertainties are discussed in the Strategic Report.

Parent undertaking and controlling party

The Company's:

- immediate parent company and controlling undertaking is Willis Faber Limited; and
- ultimate parent company is Willis Group Holdings plc, a company incorporated in Ireland.

In accordance with Section 400 of the Companies Act 2006, the Company is exempt from the requirement to produce group financial statements.

The largest and smallest group in which the results of the Company are consolidated is Willis Group Holdings plc, whose financial statements are available to members of the public from the Company Secretary, 51 Lime Street, London EC3M 7DQ.

Revenue recognition

Turnover, which arises solely in the UK, comprises income on leased assets and fees receivable in respect of management services and recharges of expenses to other Group undertakings, which are recognised as earned.

Finance income

Interest receivable and interest payable are accounted for on an accruals basis.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

1. Accounting policies (continued)

Foreign currency translation

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or, in the case of forward contracts in respect of current year income, at the contracted rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated on a straight line basis to write off the cost of such assets over their estimated useful economic lives as follows:

Motor vehicles	Over 4 years
Furniture and equipment	Between 4 and 10 years
Software	Between 3 and 10 years
Freehold buildings	Over 50 years
Short/long leaseholds improvements	Over period of lease
Freehold land	Not depreciated

Expenditure for improvements is capitalised; repairs and maintenance are charged to expenses as incurred.

Tangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. Any impairment in the value of tangible fixed assets is charged to the profit and loss account in the period in which the impairment occurs.

Pension costs

The Group has a defined benefit pension scheme and a defined contribution pension scheme. The defined benefit scheme was closed to new entrants in January 2006. New entrants are now offered the opportunity to join a defined contribution scheme.

Defined benefit scheme

A defined benefit scheme is a pension scheme that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The UK defined benefit scheme is funded, with the assets of the scheme held separately from those of the Company, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet of Willis Limited, a subsidiary undertaking of the Group.

As the Directors are unable to identify the Company's share of the scheme's underlying assets and liabilities, the Company recognises as its pension cost the contributions payable under the scheme during the year, as allowed by FRS17 and are charged to the profit and loss account as part of the employee costs in the period in which they fall due. The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method. The pension contribution rates are based on pension costs across the Group's UK companies as a whole.

1. Accounting policies (continued)

Pension costs (continued)

Defined contribution scheme

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

The costs of the defined contribution scheme in which the Company participates are charged to the profit and loss account as part of employee costs in the period in which they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more or less tax, at a future date, at rates expected to apply when they reverse based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Derivative financial instruments

The Company uses derivative financial instruments for other than trading purposes to alter the risk profile of an existing underlying exposure. Forward foreign currency exchange contracts are used to manage currency exposures arising from future income. Gains or losses based on the contracted rate are recognised on maturity of the contract.

Leased assets

Rentals payable or receivable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are also charged in the profit and loss account on a straight-line basis over the lease term.

Cash flow statement

Under FRS1 'Cash flow statements' the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the Company is a 90 per cent or more owned subsidiary undertaking and the consolidated cash flow statement that is prepared at Group level is publicly available.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

2. Turnover

Turnover arises solely in the UK and is analysed in the table below.

	2013 £m	2012 £m
Management charge	8	12
Expenses recharged to other Group companies	136	148
Income on assets leased to other Group companies	17	16
Rental income	8	9
	169	185

3. Operating profit

	2013 £m	2012 £m
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned	17	14
Rentals under operating leases:		
Land and buildings	21	21
Rental income	(8)	(9)
Currency translation adjustments	-	(16)

No foreign exchange gain has arisen in 2013 as the Company entered into a series of foreign currency hedges of intercompany loans denominated in foreign currency towards the end of 2012. In 2012 there was a £16 million foreign exchange gain attributable to the fluctuation in the value of the pound to the US Dollar and to a lesser extent the Euro, the Brazilian Real and the Japanese Yen in relation to intercompany balances.

Auditor's remuneration:	2013 £m	2012 £m
Audit fees	1	1

The Company bore the audit fees of other UK Group companies in the current and preceding year. These were subsequently recharged to other Group companies. Fees payable to the Company's auditors for the audit of the Company's annual accounts pursuant to legislation were £62,400 in 2013 and £62,400 in 2012.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

4. Employee costs	2013 £m	2012 £m
Salaries	51	57
Social security costs	6	3
Other pension costs	5	4
	62	64

Number of employees – average for the period	2013 Number	2012 Number
Producer	9	10
Client services	78	77
Management / administration services	556	513
	643	600

With the exception of one associate, all remaining staff working for the Company are contractually employed by other subsidiary undertakings of Willis Group Holdings plc. The Company bears the cost of the salaries, social security payments and pension contributions relating to such staff in order to meet its obligations to other Group companies.

Cash retention awards

In previous years, Willis Group Holdings plc (the 'Group') made annual cash retention awards to its employees under its annual incentive programs. Employees were required to repay a proportionate amount of these awards if they voluntarily left the Group's employ (other than in the event of retirement or permanent disability) before a certain time period, typically up to three years. The Group made cash payments to its employees in the year it granted these retention awards and recognised these payments ratably over the period they were subject to repayment, beginning in the quarter in which the award was made. The unamortised portion of cash retention awards was recorded within prepayments and accrued income. In December 2012, the Group decided to eliminate the repayment requirement from the past annual cash retention awards and, as a result, the Company wrote off the unamortised balance of past awards of £8 million in 2012.

Cash bonuses

In 2012, the Group replaced annual cash retention awards with annual cash bonuses which will not include a repayment requirement. The Company has accrued an additional £14 million for these 2013 cash bonuses to be paid in 2014 (2012: £10 million).

The following table sets out the amount of cash retention awards made for the years ended 31 December 2013 and 2012:

	2013 £m	2012 £m
Cash bonuses / retention awards made	-	8
Amortisation of cash retention awards included in salaries	-	8

5. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2012: £nil).

6. Finance income, net	2013 £m	2012 £m
Interest and investment income		
Interest receivable from Group undertakings	11	9
Interest payable and similar charges		
Interest payable to Group undertakings	(5)	(7)
Other loans	-	(1)
	(5)	(8)
Finance income, net	6	1

7. Tax on profit on ordinary activities	2013 £m	2012 £m
(a) Analysis of charge for the year		
Current tax:		
UK corporation tax on profit at 23.25% (2012: 24.5%)	2	8
Adjustments in respect of prior periods	2	-
Total current tax (note 7(b))	4	8
Deferred tax:		
Origination and reversal of timing differences	1	-
Adjustments to the estimated recoverable amount of deferred tax arising in previous periods	(2)	1
Total deferred tax (note 10)	(1)	1
Tax on profit on ordinary activities	3	9

(b) Factors affecting current tax for the year

The tax assessed for the year is higher than (2012: equal to) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £m	2012 £m
Profit on ordinary activities before taxation	11	32
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	3	8
Effects of:		
Capital allowances for the year less than depreciation on qualifying assets	(1)	-
Adjustments to tax charge in respect of prior years	2	-
Total current tax charge for the year (note 7(a))	4	8

7. Tax on profit on ordinary activities (continued)

(c) Circumstances affecting current and future tax charges

The Finance Act 2012, which was substantively enacted on 3 July 2012, included provisions to reduce the rate of UK corporation tax to 24% with effect from 1 April 2012 and to 23% with effect from 1 April 2013.

The main rate of UK corporation tax was further reduced to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. These changes to the main tax rate were included in the Finance Act 2013 which was substantively enacted on 2 July 2013. As the changes were substantively enacted prior to 31 December 2013, they have been reflected in these financial statements.

8. Tangible fixed assets

	Land and buildings		
	Long/short leasehold improvements	Furniture, equipment, software and vehicles	Total
	£m	£m	£m
Cost or valuation			
1 January 2013	59	110	169
Additions	-	22	22
Disposals	-	(1)	(1)
31 December 2013	**59**	**131**	**190**
Depreciation			
1 January 2013	14	51	65
Provision for the year	3	14	17
Disposals	-	(1)	(1)
31 December 2013	**17**	**64**	**81**
Net book value 31 December 2013	**42**	**67**	**109**
Net book value 31 December 2012	45	59	104

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

9. Debtors	2013 £m	2012 £m
Amounts falling due within one year:		
Amounts owed by Group undertakings	732	619
Amounts owed by Group undertakings in respect of corporation tax group relief	13	8
Other debtors	5	3
Prepayments and accrued income	13	16
	763	646
Amounts falling due after more than one year:		
Deferred tax asset (note 10)	2	1
Accrued rental income from subleases	6	7
	8	8
	771	654

The accrued rental income due after more than one year represents lease incentives in relation to rent receivable from operating subleases, primarily on the leased London headquarters. These will be charged to the profit and loss account on a straight-line basis over the lease term.

10. Deferred tax	2013 £m	2012 £m
Deferred tax has been provided in full in respect of assets/liabilities arising from the following timing differences:		
Capital allowances	-	(2)
Other provisions	2	3
	2	1
At 1 January	1	2
Deferred tax credit/(charge) in profit and loss account (note 7 (a))	1	(1)
At 31 December	2	1

Deferred tax assets have been recognised to the extent they are regarded as more likely than not as being recoverable either against the Company's own future profits or by way of group relief against those future profits of fellow UK Group companies.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

11. Creditors: amounts falling due within one year	2013 £m	2012 £m
Amounts owed to Group undertakings	**715**	603
Income tax and social security	**12**	9
Incentives from lessors	**4**	3
Other creditors	**10**	10
Accruals and deferred income	**24**	17
	765	642

12. Creditors: amounts falling due after more than one year	2013 £m	2012 £m
Incentives from lessors	**76**	76

The amounts due after more than one year represent lease incentives, including deferred discounts in relation to rent payable on operating leases, primarily on the leased London headquarters. These will be released to the profit and loss account on a straight-line basis over the lease term. Of this, £60 million falls due in greater than five years from the balance sheet date (2012: £64 million).

13. Provisions for liabilities	Dilapidation provision	Exceptional restructuring provision	Long term disability provision	Total
	£m	£m	£m	£m
1 January 2013	2	2	2	6
Charged to profit and loss account	-	1	2	3
Utilised in the year	-	(2)	-	(2)
31 December 2013	2	1	4	7

Dilapidation provision
The provision is in respect of the estimated costs of dilapidation work on leased properties prior to the properties being vacated at the end of the lease term.

Exceptional restructuring provision
The provision is in respect of properties no longer required for operational purposes. The Company expects the majority (£1 million) to be utilised within the next year.

Long term disability provision
The provision is in respect of the salary costs of individuals who became long term sick prior to 2009. The Group has "self insured" against the costs of continuing to pay these individuals. All persons becoming eligible for long term sick pay after 2009 are now covered by external insurance. In 2012 this provision was included within creditors.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

14. Called up share capital	**2013 £m**	2012 £m
Allotted, called up and fully paid		
5,000,000 (2012: 5,000,000) ordinary shares of £1 each	5	5

15. Reserves and shareholders' funds	**Share capital £m**	**Profit and loss account £m**	**Total £m**
1 January 2013	5	48	53
Profit on ordinary activities after taxation	-	8	8
31 December 2013	5	56	61

16. Commitments

The Company had contracted for but not provided for capital expenditure at 31 December 2013 of £4 million (2012: £5 million).

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings			
	Lime Street	**Other**	**Total**	
	2013	**2013**	**2013**	2012
Lease expiry date	**£m**	**£m**	**£m**	£m
Within one year	-	-	-	-
Between two and five years	-	2	2	2
After five years	18	8	26	24
Total annual operating lease commitments	18	10	28	26

The Company provides the Group with its London headquarters. In November 2004, the Company entered into a 25 year agreement with long-time client British Land plc to lease the new London headquarters for the Group on Lime Street, London. The Company took control of the building in June 2007 and the Group's London based employees moved in to the new building at the end of April 2008. As at 31 December 2013, the outstanding contractual obligation in relation to this commitment was £431 million (2012: £449 million).

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

17. Pensions

Defined Benefit Scheme

Certain staff working for the Company are members of the Willis Pension Scheme in the United Kingdom ('the Scheme'), which is funded externally and is of the defined benefit type. The staff working for the Company are contractually employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings plc. The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method. The pension contributions rates are based on pension costs across the Group's UK companies as a whole.

The most recent actuarial valuation of the Scheme was at 31 December 2010. The most recent actuarial valuation has been reviewed and updated as at 31 December 2013 to take account of the requirements of FRS17 'Retirement Benefits', in order to assess the liabilities of the Scheme at 31 December 2013.

The Directors consider that the share of the Scheme's underlying assets and liabilities attributable to the Company's employees cannot be separately identified as several Group companies participate in the Scheme. Accordingly all Scheme assets and liabilities are included on the balance sheet of Willis Limited. The Scheme showed an overall surplus after tax of $254.2 million (£153.5 million) at 31 December 2013 compared with an overall surplus after tax of $136 million (£83.8 million) at 31 December 2012. Company funded contributions were made at the rate of 14% of basic salaries in 2013 compared with 14.4% in 2012. In addition, the Scheme contributions were 10% in both 2013 and 2012 for all employed members.

Full disclosures for the Scheme under FRS17 are included in the financial statements of Willis Limited.

The Scheme was closed to new members from 1 January 2006.

Unfunded Defined Benefit Scheme

The Company also operates an Unfunded Defined Benefit Scheme for a number of pensioners and deferred pensioners in the UK. At 31 December 2013, the Scheme has no active members. The Scheme was closed to new members in April 2006.

With effect from 1 January 2013, the Company determined that it was appropriate to obtain a full actuarial valuation for the Scheme. This was carried out at 31 December 2013 by a qualified actuary. Consequently, for the year ended 31 December 2013, the Company has presented the disclosures required under FRS 17. Prior to 1 January 2013, the Company reported the Scheme within "Creditors: amounts falling due after more than one year". The Company has adjusted the prior period to conform to the current period's presentation.

The major assumptions used for the actuarial valuation were:

	2013
	%
Discount rate (i)	**4.4**
Inflation assumption (RPI)	**3.5**
Inflation assumption (CPI)	**2.4**
Mortality (ii)	**90%/105% PNA00 for males/females, CMI 2013, 1% long-term improvement**

(i) Duration based methodology from 2011

(ii) PNA00 represents a mortality table, CMI represents assumed improvement in mortality

17. Pensions (continued)

Unfunded Defined Benefit Scheme (continued)

At 31 December 2013, the Company recognised a deficit of £5 million on the balance sheet for the present value of Scheme liabilities (2012: deficit of £6 million). The Scheme has no assets. No deferred taxes have been recognised on the Scheme liabilities.

During the year ended 31 December 2013:

- no amounts were charged to operating profit;
- £0.3 million was charged to net finance charges reflecting the interest on pension scheme liabilities;
- £0.2 million actuarial gain was reflected in the statement of total recognised gains and losses;
- contributions by the Company to the Scheme were £0.3 million; and
- benefits paid were £0.3 million.

The Company expects to contribute approximately £0.2 million to the Scheme in 2014.

The cumulative amount of actuarial gains recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £0.2 million.

Defined Contribution Scheme

The Company operated a defined contribution scheme for new entrants from 1 January 2006 for which the pension cost charge for the year amounted to £2,331,000 (2012: £1,872,000).

18. Foreign exchange forward contracts

During the year ended 31 December 2013, the Company entered into a series of foreign currency hedges of intercompany loans denominated in foreign currency. These foreign currency hedges were not designated as hedging instruments and were for a total notional amount of $228 million, all representing sales and purchases against pound sterling.

19. Related party transactions

FRS8 (paragraph 3(c)) exempts the reporting of transactions between group companies in the financial statements of companies that are wholly owned within the group. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.

20. Events after the balance sheet date

Three dormant Group undertakings are currently in the process of being struck off. These companies agreed to waive the obligation for Willis Group Services Limited to repay the outstanding intercompany loan balances owed to them. This resulted in a £5 million credit to the profit and loss account of the Company in 2014.