

# **WILLIS GROUP SERVICES LIMITED**

(Registered Number 1451456)

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

### **Directors**

SE Wood  
SW Gaffney  
Willis Corporate Director Services Limited

### **Secretary**

AC Peel

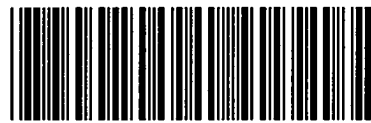
### **Registered Office**

51 Lime Street  
London EC3M 7DQ

### **Auditor**

Deloitte LLP  
London

FRIDAY



\*L45YWNB6\*

LD8

24/04/2015

#41

COMPANIES HOUSE

# **WILLIS GROUP SERVICES LIMITED**

## **CONTENTS**

	<b>Page</b>
Strategic report.....	3
Directors' report.....	5
Independent auditor's report.....	7
Profit and loss account.....	9
Balance sheet.....	10
Movements in shareholder's funds.....	11
Notes to the financial statements.....	12

## **WILLIS GROUP SERVICES LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **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 also acts as a treasury function, maintaining the flow of funds within 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 2014. 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 £17 million (2013: £8 million) as shown in the profit and loss account on page 9. The increase in profit is attributable to:

- an increase of £3 million in amounts charged to Group undertakings; and
- a decrease in operating expenses of £9 million;

partly offset by:

- a foreign exchange loss of £3 million (2013: nil), this is mainly attributable to the fluctuation in the value of the pound to the Euro towards the end of 2014.

#### *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 £17 million largely as a result of:

- £23 million increase in net amounts owed from Group undertakings;
- £5 million increase in deposits and cash;
- £3 million decrease in amounts due after one year relating to lease incentives; and
- £2 million increase in other debtors;

partly offset by:

- £13 million decrease in the corporation taxation group relief debtor; and
- £3 million decrease in tangible fixed assets.

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 Eurozone situation. These risks have been discussed in the Group's financial statements which do not form part of this report.

## **WILLIS GROUP SERVICES LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (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 15.

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

23 April 2015

## **WILLIS GROUP SERVICES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2014.

#### **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 2014, 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 (2013: £nil). The Directors do not recommend the payment of a final dividend (2013: £nil).

#### **Events after the balance sheet date**

On 6 March 2015, the Company announced a salary freeze for its UK defined benefit pension plan such that from 1 July 2015, future pay increases will not count towards the calculation of the pension.

#### **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.

## **WILLIS GROUP SERVICES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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:

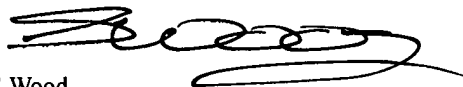
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's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

23 April

2015

## **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 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholder's Funds and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 2014 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  
United Kingdom

23 April 2015



## WILLIS GROUP SERVICES LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £m	2013 £m
Turnover	2	167	169
Operating expenses		(149)	(164)
Operating expense – foreign exchange loss		(3)	-
<b>Operating profit</b>	3	<b>15</b>	<b>5</b>
Net finance income	6	5	6
<b>Profit on ordinary activities before taxation</b>		<b>20</b>	<b>11</b>
Tax charge on profit on ordinary activities	7	(3)	(3)
<b>Profit on ordinary activities after taxation</b>		<b>17</b>	<b>8</b>

All activities derive from continuing operations.

A recognised loss of £0.6 million (2013: gain of £0.2 million) was charged (2013: credited) to the statement of total recognised gains and losses in respect of the actuarial loss (2013: gain) on the unfunded defined benefit pension scheme. Further details are shown in note 17 to the financial statements on pages 22 to 23.

**WILLIS GROUP SERVICES LIMITED****BALANCE SHEET AS AT 31 DECEMBER 2014**

	Notes	2014 £m	2013 £m
<b>Fixed assets</b>			
Tangible assets	8	106	109
<b>Current assets</b>			
Debtors:			
Amounts falling due within one year	9	622	763
Amounts falling due after one year	9	133	8
		755	771
Deposits and cash		39	34
		794	805
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	11	(736)	(765)
<b>Net current assets</b>		58	40
<b>Total assets less current liabilities</b>			
		164	149
Creditors: amounts falling due after more than one year	12	(73)	(76)
Provisions for liabilities	13	(7)	(7)
<b>Net assets excluding pension liability</b>		84	66
Pension liability	17	(6)	(5)
<b>Net assets</b>		78	61
<b>Capital and reserves</b>			
Called up share capital	14	5	5
Profit and loss account	15	73	56
<b>Shareholder's funds</b>		78	61

The financial statements of Willis Group Services Limited, registered company number 1451456, were approved by the Board of Directors and authorised for issue on 23 April 2015 and signed on its behalf by:



SE Wood  
Director

**WILLIS GROUP SERVICES LIMITED****MOVEMENT IN SHAREHOLDER'S FUNDS FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>Movement in shareholder's funds</b>	<b>2014 £m</b>	<b>2013 £m</b>
Profit on ordinary activities after taxation	17	8
Net movements in shareholder's funds for the year	17	8
Shareholder's funds at beginning of year	61	53
<b>Shareholder's funds at end of year</b>	<b>78</b>	<b>61</b>

# WILLIS GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 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 £58 million (2013: £40 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 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.

#### 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.

# WILLIS GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

### 1. Accounting policies (continued)

#### 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 the 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.

#### *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.

# WILLIS GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

### 1. Accounting policies (continued)

#### 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 percent or more owned subsidiary undertaking and the consolidated cash flow statement that is prepared at Group level is publicly available.

---

### 2. Turnover

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

	2014 £m	2013 £m
Management charge	9	8
Expenses recharged to other Group companies	133	136
Income on assets leased to other Group companies	17	17
Rental income	8	8
	<u>167</u>	<u>169</u>

---

## WILLIS GROUP SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

<b>3. Operating profit</b>	<b>2014</b>	<b>2013</b>
	<b>£m</b>	<b>£m</b>
Operating profit after charging/(crediting):		
Depreciation of owned tangible fixed assets (note 8):		
Owned	17	17
Rentals under operating leases:		
Land and buildings	19	21
Rental income	(8)	(8)
Currency translation adjustments	3	-

A foreign exchange loss of £3 million has arisen in 2014 (2013: nil), this is mainly attributable to the fluctuation in the value of the pound to the Euro towards the end of 2014.

Three dormant Group undertakings were struck off in 2014. 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.

<i>Auditor's remuneration:</i>	<b>2014</b>	<b>2013</b>
	<b>£m</b>	<b>£m</b>
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 2014 and £62,400 in 2013.

<b>4. Employee costs</b>	<b>2014</b>	<b>2013</b>
	<b>£m</b>	<b>£m</b>
Salaries and incentives	48	51
Social security costs	5	6
Other pension costs	4	5
	57	62
	<b>2014</b>	<b>2013</b>
<b>Number of employees – average for the period</b>	<b>Number</b>	<b>Number</b>
Producer	9	9
Client services	57	78
Management/administration services	533	556
	599	643

## WILLIS GROUP SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

#### 4. Employee costs (continued)

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.

#### 5. Directors' remuneration

The Directors of the Company are remunerated by other Group companies with no part of their remuneration being allocated to this Company. As such no disclosure of their remuneration has been made in these financial statements.

<b>6. Net finance income</b>	<b>2014</b>	<b>2013</b>
	<b>£m</b>	<b>£m</b>
<i>Interest and investment income</i>		
Interest receivable from Group undertakings	<u>9</u>	<u>11</u>
<i>Interest payable and similar charges</i>		
Interest payable to Group undertakings	<u>(4)</u>	<u>(5)</u>
Net finance income	<u>5</u>	<u>6</u>

<b>7. Tax on profit on ordinary activities</b>	<b>2014</b>	<b>2013</b>
	<b>£m</b>	<b>£m</b>
<i>(a) Analysis of charge for the year</i>		
<b>Current tax:</b>		
UK corporation tax on profit at 21.5% (2013: 23.25%)	3	2
Adjustments in respect of prior periods	<u>-</u>	<u>2</u>
Total current tax (note 7(b))	<u>3</u>	<u>4</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	1
Adjustments to the estimated recoverable amount of deferred tax arising in previous periods	<u>-</u>	<u>(2)</u>
Total deferred tax (note 10)	<u>-</u>	<u>(1)</u>
<b>Tax on profit on ordinary activities</b>	<u>3</u>	<u>3</u>



## WILLIS GROUP SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

#### 7. Tax on profit on ordinary activities (continued)

	2014	2013
	£m	£m
<b>(b) Factors affecting current tax for the year</b>		
The tax assessed for the year is lower than (2013: higher than) the standard rate of corporation tax in the UK 21.5% (2013: 23.25%). The differences are explained below:		
Profit on ordinary activities before taxation	20	11
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	4	3
Effects of:		
Capital allowances for the year less than depreciation on qualifying assets	-	(1)
Income not taxable	(1)	-
Adjustment to tax charge in respect of prior periods	-	2
Total current tax charge for the year (note 7(a))	3	4

#### (c) Circumstances affecting current and future tax charges

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

**WILLIS GROUP SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
(continued)

<b>8. Tangible fixed assets</b>	<b>Land and buildings</b>		<b>Total £m</b>
	<b>Long/short leasehold improvements £m</b>	<b>Furniture, equipment, software and vehicles £m</b>	
<i>Cost</i>			
1 January 2014	59	131	190
Additions	-	15	15
Disposals	(1)	(3)	(4)
31 December 2014	<b>58</b>	<b>143</b>	<b>201</b>
<i>Depreciation</i>			
1 January 2014	17	64	81
Provision for the year	3	14	17
Disposals	(1)	(2)	(3)
31 December 2014	<b>19</b>	<b>76</b>	<b>95</b>
<i>Net book value 31 December 2014</i>	<b>39</b>	<b>67</b>	<b>106</b>
<i>Net book value 31 December 2013</i>	42	67	109

<b>9. Debtors</b>	<b>2014 £m</b>	<b>2013 £m</b>
<i>Amounts falling due within one year:</i>		
Amounts owed by Group undertakings	601	732
Amounts owed by Group undertakings in respect of corporation taxation group relief	-	13
Prepayments and accrued income	14	13
Other debtors	7	5
	<b>622</b>	<b>763</b>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by Group undertakings	126	-
Deferred tax asset (note 10)	2	2
Accrued rental income from subleases	5	6
	<b>133</b>	<b>8</b>
	<b>755</b>	<b>771</b>

## WILLIS GROUP SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

#### 9. Debtors (continued)

##### *Amounts falling due after more than one year*

Included in amounts owed by Group undertakings is an interest bearing loan of €162 million (£126 million) due from Willis Europe BV granted on 1 October 2014. The loan is repayable on 30 September 2024 with interest accrued monthly on the unpaid principle and compounded at the end of each month, at a rate of 1 month EURIBOR plus a margin of 1.39%.

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	2014 £m	2013 £m
<i>Deferred tax has been provided in full in respect of assets/liabilities arising from the following timing differences:</i>		
Other provisions	2	2
At 1 January	2	1
Deferred tax credit in profit and loss account (note 7(a))	-	1
At 31 December	2	2

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.

---

11. Creditors: amounts falling due within one year	2014 £m	2013 £m
Amounts owed to Group undertakings	687	715
Income tax and social security	10	12
Incentives from lessors	5	4
Other creditors	11	10
Accruals and deferred income	23	24
	736	765

---

**WILLIS GROUP SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
(continued)

<b>12. Creditors: amounts falling due after more than one year</b>	<b>2014</b> <b>£m</b>	<b>2013</b> <b>£m</b>
Incentives from lessors	73	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, £55 million falls due in greater than five years from the balance sheet date (2013: £60 million).

<b>13. Provisions for liabilities</b>	<b>Dilapidation provision £m</b>	<b>Exceptional restructuring provision £m</b>	<b>Long term disability provision £m</b>	<b>Total £m</b>
1 January 2014	2	1	4	7
Charged to profit and loss account	1	-	-	1
Utilised in the year	-	(1)	-	(1)
31 December 2014	3	-	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 was in respect of properties no longer required for operational purposes.

*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.

<b>14. Called up share capital</b>	<b>2014</b> <b>£m</b>	<b>2013</b> <b>£m</b>
<b>Allotted, called up and fully paid</b>		
5,000,000 (2013: 5,000,000) ordinary shares of £1 each	5	5

## WILLIS GROUP SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

15. Reserves and shareholder's funds	Share capital £m	Profit and loss account £m	Total £m
1 January 2014	5	56	61
Profit on ordinary activities after taxation	-	17	17
31 December 2014	5	73	78

### 16. Commitments

The Company had contracted for but not provided for capital expenditure at 31 December 2014 of £3 million (2013: £4 million).

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

Lease expiry date	Land and buildings		Total 2014 £m	2013 £m
	Lime Street 2014 £m	Other 2014 £m		
	Within one year	-		
Between two and five years	-	-	-	-
After five years	18	7	25	26
Total annual operating lease commitments	18	7	25	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 2014, the outstanding contractual obligation in relation to this commitment was £413 million (2013: £431 million).

### 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 2014 to take account of the requirements of FRS17 'Retirement Benefits', in order to assess the liabilities of the Scheme at 31 December 2014.

## WILLIS GROUP SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

#### 17. Pensions (continued)

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 \$286 million (£183.3 million) at 31 December 2014 compared with an overall surplus after tax of \$254 million (£153.5 million) at 31 December 2013. Company funded contributions were made at the rate of 14% of basic salaries in both 2014 and 2013. In addition, the Scheme contributions were 10% in both 2014 and 2013 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.

#### *Events after the balance sheet date*

On 6 March 2015, the Company announced a salary freeze for its UK defined benefit pension plan such that from 1 July 2015, future pay increases will not count towards the calculation of the pension.

#### *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 2014, 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 2014 by a qualified actuary. Consequently, for the year ended 31 December 2014, 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:

	2014	2013
	%	%
Discount rate <sup>(i)</sup>	3.6	4.4
Inflation assumption (RPI)	3.2	3.5
Inflation assumption (CPI)	2.1	2.4
	<b>80%/98%</b>	<b>90%/105%</b>
	<b>PNA00 for</b>	<b>PNA00 for</b>
	<b>males/females,</b>	<b>males/females,</b>
Mortality <sup>(ii)</sup>	<b>CMI 2013, 1%</b>	<b>CMI 2013, 1%</b>
	<b>long-term</b>	<b>long-term</b>
	<b>improvement</b>	<b>improvement</b>

(i) Duration based methodology from 2011

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

## **WILLIS GROUP SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)**

#### **17. Pensions (continued)**

At 31 December 2014, the Company recognised a deficit of £6 million on the balance sheet for the present value of Scheme liabilities (2013: deficit of £5 million). The Scheme has no assets. No deferred taxes have been recognised on the Scheme liabilities.

During the year ended 31 December 2014:

- no amounts were charged to operating profit;
- £0.2 million (2013: £0.3 million) was charged to net finance charges reflecting the interest on pension scheme liabilities;
- £0.6 million actuarial loss (2013: £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 (2013: £0.3 million); and
- benefits paid were £0.3 million (2013: £0.3 million).

The Company expects to contribute approximately £0.2 million to the Scheme in 2015.

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £0.4 million (2013: £0.2 million actuarial gain).

#### ***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 £2,332,000 (2013: £2,331,000).

---

#### **18. Foreign exchange forward contracts**

During the year ended 31 December 2014, the Company entered into a number of foreign currency transactions in order to hedge the monetary assets and liabilities of Willis Group Services Limited, of which the most material balances are intercompany loans. These derivatives were not designated as hedging instruments and were for a total notional amount of \$352 million (£228 million) (2013: \$228 million (£138 million)). In respect of these transactions, an immaterial amount has been recognised as an asset within debtors and an equivalent gain has been recognised in operating profit.

---

#### **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.

---