WILLIS GROUP SERVICES LIMITED

(Registered No 1451456)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

DIRECTORS

MP Chitty
PC Regan (appointed 1 January 2007)

SECRETARY

SK Bryant

REGISTERED OFFICE

Ten Trinity Square
London EC3P 3AX

AUDITORS

Deloitte & Touche LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2006

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS
The Company provides financial, leasing, property holding and administrative services principally for subsidiaries of Willis Group Limited Details of the Company's principal subsidiary undertakings are set out in note 11 on page 6 of the financial statements 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

There have not been any significant changes in the Company's principal activities in the year under review 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 £38,327,000 (2005 £15,237,000) As shown in the profit and loss account on page 5, the Company reported an operating loss of £16,020,000 for the year (2005 operating profit £36,694,000) This loss reflected a combination of adverse foreign exchange movements and investments in business change initiatives under the Willis Group's "Shaping our Future" programme

On 27 September 2006 the Company completed the sale of the Group's UK headquarters at Ten Trinity Square in London Gross sale proceeds were £105,000,000 and the Company recorded a post tax gain on disposal of £61,145,000 Further details of this transaction are shown in note 6 on page 9

The balance sheet on page 6 shows the Company's financial position at the year end Details of amounts owed by and to group undertakings are shown in notes 13 and 15 respectively on page 12

The Willis 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 Global division of Willis Group, which includes the Company, is discussed in the Group's financial statements which do not form part of this report

FUTURE DEVELOPMENTS
The Directors do not anticipate any changes in the Company's activities for the foreseeable future

DIVIDENDS
An interim dividend of £40,000,000 was paid during the year (2005 £nil) The Directors do not recommend the payment of a final dividend (2005 £nil)

PRINCIPAL RISKS AND UNCERTAINTIES
The Company has inter-company balances with overseas subsidiaries, 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 Group risks are discussed in the Group's financial statements which do not form part of this report

ENVIRONMENT
The Willis Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, 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 7 to the financial statements on page 9

DIRECTORS AND THEIR INTERESTS
The current Directors of the Company are shown on page 1 which forms part of this report PC Regan was appointed with effect from 1 January 2007 T Colraine resigned as a Director of the Company on 31 December 2006 There were no other changes in Directors during the year or after the year end

The Directors have no disclosable interests in the Company or its fellow group companies Advantage has been taken of the provisions of the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS
The Directors are responsible for preparing their annual report and the financial statements in accordance with applicable law and regulations for each financial year 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) The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss 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 estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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 AUDITORS
Each current Director of the Company confirms that

- so far as he is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

AUDITORS
The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provision of section 386(2) of the Companies Act 1985

By Order of the Board

SK Bryant
Secretary

30 October 2007
Ten Trinity Square
London EC3P 3AX

INDEPENDENT AUDITORS' 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 2006 which comprise the profit and loss account, the balance sheet, the movement in shareholders' funds, and the related notes numbered 1 to 24 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 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 auditors' 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 AUDITORS
The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 regarding Directors' remuneration and other transactions is not disclosed

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

BASIS OF AUDIT OPINION
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

31 October 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £000	2005 £000
Turnover		95,344	94,391
Operating expenses		(111,364)	(57,697)
OPERATING (LOSS)/PROFIT	3	(16,020)	36,694
Interest receivable and similar income	4	4,353	4,128
Interest payable	5	(20,263)	(17,378)
Profit on disposal of tangible fixed assets	6	66,331	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		34,401	23,444
Tax on profit on ordinary activities	9	3,926	(8,207)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		38,327	15,237

All activities derive from continuing operations

RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2006

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £38,327,000 in the year ended 31 December 2006 and the profit of £15,237,000 in the year ended 31 December 2005

BALANCE SHEEET AS AT 31 DECEMBER 2006

	Note	2006 £000	2005 £000
FIXED ASSETS			
Tangible assets	11	44,108	80,580
CURRENT ASSETS			
Debtors			
Amounts falling due within one year	13	737,316	672,304
Amounts falling due after one year	13	5,698	2,405
		743,014	674,709
Cash at bank and in hand		190	219
		743,204	674,928
CURRENT LIABILITIES			
CREDITORS amounts falling due within one year	15	(760,158)	(727,071)
NET CURRENT LIABILITIES		(16,954)	(52,143)
TOTAL ASSETS LESS CURRENT LIABILITIES		27,154	28,437
PROVISION FOR LIABILITIES AND CHARGES	16	(5,112)	(4,722)
NET ASSETS		22,042	23,715
CAPITAL AND RESERVES			
Called up share capital	17	5,000	5,000
Undistributable reserve	18	7	7
Profit and loss account	19	17,035	18,708
EQUITY SHAREHOLDERS' FUNDS		22,042	23,715

The financial statements were approved by the Board of Directors on 30 October 2007 and signed on its behalf

MP Chitty
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 £000	2005 £000
Profit for the year after taxation	38,327	15,237
Dividend paid	(40,000)	-
Net movement in shareholders' funds for the year	(1,673)	15,237
Equity shareholders' funds at 1 January	23,715	8,478
Equity shareholders' funds at 31 December	22,042	23,715

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 ULTIMATE PARENT COMPANY

The Company's immediate parent company and controlling undertaking is Willis Faber Limited The Company's ultimate parent company and controlling party is Willis Group Holdings Limited, a company incorporated in Bermuda, whose financial statements are available to members of the public from the Company Secretary, Ten Trinity Square, London EC3P 3AX

The results of the Company are only consolidated by Willis Group Holdings Limited

2 ACCOUNTING POLICIES

(a) Basis of preparation
These financial statements have been prepared on the going concern basis under the historical cost convention (as modified by the revaluation of certain land and buildings) and comply with applicable law and accounting standards in the United Kingdom

(b) 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 Interest receivable and interest payable are accounted for on an accruals basis

(c) Currency translation
Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction, or, in the case of forward contracts, at the contracted rate Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date All exchange differences are taken to the profit and loss account.

(d) Tangible fixed assets
When the Group adopted FRS 15 'Tangible fixed assets' in 2000, it took advantage of the transitional rule which permits the retention of the carrying values of properties based on previously revalued amounts The Group's principal properties, valued at 31 December 1995, will not be subject to further revaluations Other fixed assets are shown at historical cost to the Group less accumulated depreciation The carrying value of tangible fixed assets is reviewed for impairment when events indicate that this value may not be recoverable Any impairment in the value of fixed assets is charged to the profit and loss account in the period in which it occurs

(e) Depreciation
Depreciation is calculated on a straight-line basis at rates estimated to write down the value of assets to their estimated residual value at the end of their estimated useful economic lives The rates generally used are

Motor vehicles	25 per cent per annum
Furniture and equipment	Between 10 and 25 per cent per annum
Software	Between 20 and 33 per cent per annum
Freehold buildings and long leaseholds	Between 2 and 20 per cent per annum
Short leaseholds	Period of lease
Freehold land	No depreciation charged
Assets in the course of construction	No depreciation charged

(f) Fixed asset investments
Investments in subsidiaries are carried at cost less provision for any impairment

(g) 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 the financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

2 ACCOUNTING POLICIES (continued)

(h) Pensions

The Company participates in both a Group defined benefit pension scheme and a Group defined contribution scheme

(i) Defined benefit scheme

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 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

(ii) Defined contribution scheme

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

(i) Cash flow statement

Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is prepared at Group level

(j) 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

3 OPERATING PROFIT	2006 £000	2005 £000
Operating profit is stated after charging/(crediting)		
Depreciation on and other amounts written off tangible and intangible fixed assets		
Owned assets	13,037	12,918
Rentals under operating leases		
Land and buildings	7,562	6,069
Rental income	(3,580)	(2,837)
Auditors remuneration – audit fees	800	700

The Company bore the audit fees of other UK group companies in the current year and preceding year The audit fees for this Company were £60,000 in 2006 and £58,000 in 2005

4 INTEREST RECEIVABLE AND SIMILAR INCOME	2006 £000	2005 £000
Interest receivable on cash at bank	2,309	1,467
Interest receivable from group undertakings	2,044	2,661
	4,353	4,128

5 INTEREST PAYABLE	2006 £000	2005 £000
Interest payable to group undertakings	1,246	16,166
Other interest payable	19,017	1,212
	20,263	17,378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

6 PROFIT ON SALE OF TANGIBLE FIXED ASSETS

	2006 Group UK Headquarters	2006 Other	2006 Total	2005
	£000	£000	£000	£000
Proceeds of sale	105,000	1,062	106,062	1,081
Net book value disposed of	(34,529)	(1,073)	(35,602)	(1,069)
Other costs of disposal	(4,129)	-	(4,129)	(12)
	66,342	(11)	66,331	-
Tax on disposal (note 9(c))	(5,197)	3	(5,194)	-
	61,145	(8)	61,137	-

On 27 September 2006 the Company completed the sale of the Group's UK headquarters located at Ten Trinity Square in London (the "Sale Agreement") to Ten Trinity Square Limited (the "Buyer"), an affiliate of the American retail, hotel and leisure development firm Thomas Enterprises, Inc The Company is leasing back the building until it moves into its new head office building in Lime Street, London in 2008

7 EMPLOYEE COSTS

	2006	2005
	£000	£000
Salaries	32,689	29,780
Social security costs	1,303	2,554
Other pension costs	2,709	6,426
	36,701	38,760

	2006 Number	2005 Number
Number of employees - average for the period	509	542

The members of staff working for the Company are employed by other subsidiary undertakings of Willis Group Holdings Limited The Company bears the cost of the salaries, social security payments and pension contributions relating to such staff and reimburses the employing company for the full amount of the costs incurred, as shown above

8 DIRECTORS' REMUNERATION

The Directors received no remuneration for services rendered to the Company during the year (2005 £nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of (credit)/charge for the year

	2006 £000	2005 £000
Current tax		
UK corporation tax on profits at 30% (2005 30%)	(1,198)	6,432
Foreign tax on profits for the year	21	-
Adjustment in respect of prior years	544	(1,624)
Total current tax (note 9(b))	(633)	4,808
Deferred tax		
Origination and reversal of timing differences	(3,293)	2,529
Adjustments to the estimated recoverable amount of deferred tax assets arising in previous periods	-	870
Total deferred tax (note 14)	(3,293)	3,399
Tax (credit)/charge on profit on ordinary activities	(3,926)	8,207

(b) Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 30% (2005 30%) The differences are explained below

	2006 £000	2005 £000
Profit on ordinary activities before tax	34,401	23,444
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	10,320	7,033
Effects of		
Expenses not deductible for tax purpose	(50)	2,799
Movement in short term timing differences	1,020	(1,620)
Capital allowances for the year less than depreciation on qualifying assets (note 9(c))	2,273	(1,780)
Reduction in capital gain by March 1982 valuation and inflationary factor (note 9 (c))	(14,761)	-
Foreign taxes	21	-
Adjustments to tax charge in respect of prior years	544	(1,624)
Current tax charge for the year (note 9(a))	(633)	4,808

(c) Circumstances affecting current and future tax charges

The Company has sold its freehold interest in Ten Trinity Square, London The capital gain on the building was reduced by using a market value for the property as at 31 March 1982 and adjusting for an inflationary factor as permitted under the Taxation of Chargeable Gains Act 1992 In addition the Company elected with the purchaser to transfer the assets eligible for capital allowances for £1 The combined effect of these was to reduce the tax charge on disposal to approximately 5% of the proceeds (note 6)

10 DIVIDENDS PAID

	2006 £000	2005 £000
First Interim	40,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

11 TANGIBLE FIXED ASSETS

	Assets in the course of construction £000	Land and buildings £000	Furniture, equipment, software and vehicles £000	Total £000
Cost or valuation				
1 January 2006	2,163	83,821	68,886	154,870
Additions	2,692	1,136	8,341	12,169
Disposals	-	(51,250)	(4,486)	(55,736)
31 December 2006	4,855	33,707	72,741	111,303
Depreciation				
1 January 2006	-	28,131	46,159	74,290
Provision for the year	-	3,888	9,149	13,037
Disposals	-	(16,637)	(3,495)	(20,132)
31 December 2006	-	15,382	51,813	67,195
Net book value 31 December 2006	4,855	18,325	20,928	44,108
Net book value 31 December 2005	2,163	55,690	22,727	80,580

		2006 £000	2005 £000
Net book value of land and buildings			
Freehold	Land	1,879	16,879
	Buildings	13,229	35,023
Leasehold	Long	-	106
	Short	3,217	3,682
31 December		18,325	55,690

The transitional rules of FRS 15 'Tangible fixed assets' have been adopted for Group properties, which permit the retention of the carrying values at the previously revalued amounts The Group's principal properties, valued at 31 December 1995, will not be subject to further revaluations Other fixed assets are shown at historical cost to the Group Any impairment in the value of fixed assets is charged to the profit and loss account in accordance with FRS 11 'Impairment of fixed assets and goodwill'

The Group's principal freehold properties were valued at 31 December 1995 on the basis of open market value for existing use The carrying value of the revalued properties, at 31 December 2006 was £15 8 million (2005 £57 3 million), and the accumulated depreciation was £8 9 million (2005 £19 2 million) These properties would be included on an historical cost basis at £20 6 million (2005 £57 1 million) less accumulated depreciation of £16 0 million (2005 £30 9 million) No tax would be payable on the realisation of revalued properties at their net funds value by virtue of their tax base cost

12 SHARES IN SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings at 31 December 2006 were

	Class of Share	Percentage of share capital held
TRUSTEES		
Willis Group Medical Trust Limited	Ordinary of £1 each	100%
OTHER COMPANIES		
Sailgold Limited	Ordinary of £1 each	100%
Ropepath Limited	Ordinary of £1 each	100%
Willis Corroon Nominees Limited	Ordinary of £1 each	100%

The Company is exempt from the obligation to prepare Group financial statements in accordance with Section 228 of the Companies Act 1985 (as amended) as the Company is a wholly-owned subsidiary of Willis Group Holdings Limited, in whose financial statements it is consolidated These financial statements relate to the Company only and not to its Group

In the opinion of the Directors, the value of the shares in the subsidiary undertakings is £nil (2005 £nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

13 DEBTORS

	2006 £000	2005 £000
Due within one year		
Amounts owed by group undertakings	720,436	664,411
Corporation tax	8,709	-
Other debtors	8,171	7,893
	737,316	672,304
Due after more than one year		
Amounts owed by group undertakings	460	460
Deferred tax asset (see note 14)	5,238	1,945
	5,698	2,405
	743,014	674,709

14 DEFERRED TAX

	2006 £000	2005 £000
Deferred tax has been provided in full in respect of assets/liabilities arising from the following timing differences (note 13)		
Capital allowances	2,843	570
Other provisions	2,395	1,375
	5,238	1,945
At 1 January	1,945	5,344
Deferred tax charge in profit and loss account (note 9(a))	3,293	(3,399)
At 31 December	5,238	1,945

The 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 Willis Limited, a fellow UK group company

15 CREDITORS amounts falling due within one year

	2006 £000	2005 £000
Bank overdraft	262	574
Amounts owed to group undertakings	720,546	682,017
Corporation tax	-	8,570
Income tax and social security	6,640	8,863
Other creditors	28,648	22,240
Accruals and deferred income	4,062	4,807
	760,158	727,071

16 PROVISIONS FOR LIABILITIES AND CHARGES

	Exceptional restructuring cost £000
1 January 2006	4,722
Profit and loss account movements	1,485
Used in the year	(1,095)
31 December 2006	5,112

The exceptional restructuring provision is in respect of properties no longer required for operational purposes

17 CALLED UP SHARE CAPITAL

	2006 £000	2005 £000
Authorised, allotted, issued and fully paid		
5 000,000 ordinary shares of £1 each (2005 5,000,000)	5,000	5,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

18 UNDISTRIBUTABLE RESERVE	2006 £000	2005 £000
Special capital reserve	7	7

19 PROFIT AND LOSS ACCOUNT	2006 £000	2005 £000
1 January	18,708	3,471
Profit on ordinary activities after taxation	38,327	15,237
Dividends paid	(40,000)	-
31 December	17,035	18,708

20 PENSIONS

Defined Benefit Scheme

The Company is a member 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 employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings Limited 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 2004 The most recent actuarial valuation has been reviewed and updated as at 31 December 2006 to take account of the requirements of FRS 17 "Retirement Benefits", in order to assess the liabilities of the Scheme at 31 December 2006

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 $147 8 million (£75 4 million) at 31 December 2006 compared with an overall deficit after tax of $102 8 million (£59 8 million) at 31 December 2005 Company contribution rates increased from 14 5% to 14 6% of pensionable earnings with effect from 1 January 2006 In addition, the Scheme contributions increased to the rate of 4% in 2006 for employed members who joined pre-1995 to bring their contributions in line with employed members who joined post-1995 and to the rate of 6% for all employed members in 2007

Full disclosures for the Scheme under FRS 17 are included in the financial statements of Willis Limited

The Scheme was closed to new members from 1 January 2006

Defined Contribution Scheme

The Company operated a defined contribution scheme for new members from 1 January 2006

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

21 COMMITMENTS

The Company had contracted for capital expenditure at 31 December 2006 of £10,362,000 (2005 £10,362,000)

	Land & Buildings			
	Lime Street	Other	Total	
	2006	2006	2006	2005
	£000	£000	£000	£000
Operating lease commitments				
Payments committed to be made within one year by the Company for leases expiring				
In less than one year	-	664	664	286
Between two and five years	-	10,740	10,740	1,806
After five years	12,000	3,640	15,640	5,938
	12,000	15,044	27,044	8,030
Payments committed to be made by the Company after one year				
Between one and two years	19,000	10,143	29,143	26,640
Between two and three years	19,000	7,811	26,811	26,094
Between three and four years	19,000	6,686	25,686	25,949
Between four and five years	19,000	4,191	23,191	25,121
After five years	381,000	4,347	385,347	397,073
	457,000	33,178	490,178	500,877
Total operating lease commitments	469,000	48,222	517,222	508,907

In November 2004, the Company entered into an agreement to enter into a 25 year lease with long time client British Land plc relating to the Company's new headquarters in Lime Street, London Construction commenced in early 2005 and Willis occupancy is targeted for early 2008 The Company's contractual obligations in relation to this commitment are included in the table above, but remain contingent upon the successful completion of construction

22 CONTRACTED CURRENCY PURCHASE AGREEMENTS

Willis Group Services Limited has entered into contracts to purchase US Dollars at fixed exchange rates with two fellow subsidiaries as follows

On 1 October 2004 the Company agreed with Willis Iberia, a fellow subsidiary based in Spain, to purchase all of the US Dollars held in any Willis Iberia US Dollar denominated bank account, up to a maximum of US$10 million in aggregate in each calendar year, up to and including 2009 at a fixed rate of US$1 25 to €1 The agreement may be terminated by either party at any time within 14 days of the US Dollar to Euro closing mid price per the Financial Times being quoted outside the range of 1 05 to 1 45 for five consecutive trading days In this instance, the existing arrangements will run to the end of the financial year in which notice of termination is given, or if terminated after 1 October, the end of the following financial year

On 1 January 2005 the Company agreed with Willis AS, a fellow subsidiary based in Norway, to purchase all of the US Dollars held in any Willis AS US Dollar denominated bank account, up to a maximum of US$10 million in aggregate in each calendar year, up to and including 2007 at a fixed rate of 7 NOK to US$1 The agreement may be terminated by either party at any time within 14 days of the US Dollar to Norwegian Kroner closing mid price per the Financial Times being quoted outside the range of 5 5 to 8 5 for five consecutive trading days In this instance, the existing arrangements will run to the end of the financial year in which notice of termination is given, or if terminated after 1 October, the end of the following financial year

23 CONTINGENT LIABILITIES

The Company has given guarantees and indemnities to bankers and other third parties amounting to £24,311 (2005 £26,613)

24 RELATED PARTY TRANSACTIONS

FRS 8 exempts the reporting of transactions between Group companies in the financial statements of companies 90% or more of whose voting rights are controlled within the Group The Company has taken advantage of this exemption There are no other transactions requiring disclosure