

# **WILLIS UK INVESTMENTS**

(Registered Number 5146638)

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

### **Directors**

SE Wood (appointed 14 October 2009)

Willis Corporate Director Services Limited (appointed 8 September 2010)

### **Secretary**

Willis Corporate Secretarial Services Limited

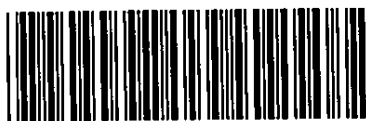
### **Registered Office**

51 Lime Street  
London EC3M 7DQ

### **Auditors**

Deloitte LLP  
London

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2009

**Principal activities and review of developments**

The Company is an investment company and 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.

Up to 30 December 2009 the Company's ultimate parent company was Willis Group Holdings Limited, a company incorporated in Bermuda. On 31 December 2009 the Group redomiciled its ultimate parent company to Ireland. As a result Willis Group Holdings plc, a company incorporated in Ireland, replaced Willis Group Holdings Limited as the ultimate parent company.

There have been no significant changes in the Company's principal activities in 2009. 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 (2008: \$22 million) as shown in the profit and loss account on page 6. The decrease is a result of adverse foreign exchange movements and lower levels of interest received from Group undertakings due to a decrease in interest rates.

The balance sheet on page 7 of the financial statements shows the Company's financial position at the year end. Net assets have increased by \$17 million due largely to interest on loans owed by Group undertakings.

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.

*Dividends*

No interim dividend was paid in the year (2008: \$nil). The Directors do not recommend the payment of a final dividend (2008: \$nil).

**Principal risks and uncertainties**

The Company has intercompany balances with fellow Group undertakings in currencies other than US dollars, 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.

Group risks, including those relating to this Company, are discussed in the Group's financial statements which do not form part of this report.

**Environment**

The 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**

The Company employed no staff during the year (2008: none).

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

**Directors**

The current Directors of the Company are shown on page 1, which forms part of this report. Willis Corporate Director Services Limited and Willis Corporate Secretarial Services Limited resigned as Directors on 14 October 2009. S K Bryant resigned as a Director on 7<sup>th</sup> September 2010. SE Wood was appointed with effect from 14 October 2009 and Willis Corporate Director Services Limited was appointed a Director with effect from 8<sup>th</sup> September 2010. There were no other changes in Directors during the year or after the year end.

**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 judgements and estimates that are reasonable and prudent, 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 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 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 auditors**

Each current Director of the Company confirms that

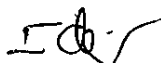
- so far as he is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

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

**Auditors**

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 auditors in the absence of an Annual General Meeting.

By order of the Board



I C Warner for Willis Corporate Secretarial Services Limited  
Secretary  
15<sup>th</sup> September 2010

**WILLIS UK INVESTMENTS**

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

51 Lime Street  
London EC3M 7DQ

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS UK INVESTMENTS**

We have audited the financial statements of Willis UK Investments for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 10. 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 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**

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 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 (APB'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

### **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 2009 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS UK INVESTMENTS**  
(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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

A handwritten signature in black ink, appearing to read 'M. McIlquham', with a long horizontal line extending to the right across the page.

Mark McIlquham (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London  
United Kingdom

15 September 2010

**WILLIS UK INVESTMENTS**

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**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 \$m	2008 \$m
Operating (expense)/income – foreign exchange (loss)/gain		(1)	1
<b>Operating (loss)/profit</b>	2	<b>(1)</b>	<b>1</b>
Interest receivable from Group undertakings		25	26
<b>Profit on ordinary activities before taxation</b>		<b>24</b>	<b>27</b>
Tax charge on profit on ordinary activities	5	(7)	(5)
<b>Profit on ordinary activities after taxation</b>		<b>17</b>	<b>22</b>

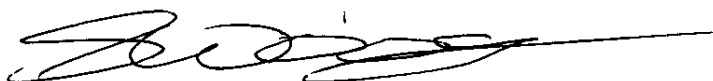
All activities derive from continuing operations

There are no recognised gains or losses in either 2009 or 2008 other than the profit for those years

**WILLIS UK INVESTMENTS****8****BALANCE SHEET AS AT 31 DECEMBER 2009**

	Note	2009 \$m	2008 \$m
<b>Current assets</b>			
Debtors			
Amounts falling due within one year	6	271	80
Amounts falling due after one year	6	246	421
		<u>517</u>	<u>501</u>
<b>Current liabilities</b>			
Creditors amounts falling due within one year	7	<u>(14)</u>	<u>(15)</u>
<b>Net assets</b>		<u>503</u>	<u>486</u>
<b>Capital and reserves</b>			
Called up share capital	8	401	401
Share premium	9	40	40
Profit and loss account	9	62	45
<b>Shareholders' funds</b>		<u>503</u>	<u>486</u>

The financial statements of Willis UK Investments, registered company number 5146638, were approved by the Board of Directors and authorised for issue on 15<sup>th</sup> September 2010 and signed on its behalf by



SE Wood  
Director



**WILLIS UK INVESTMENTS****9****MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDING 31 DECEMBER 2009**

<b>Movement in shareholders' funds</b>	<b>2009 \$m</b>	<b>2008 \$m</b>
Profit on ordinary activities after taxation	17	22
Net movement in shareholders' funds for the year	17	22
Shareholders' funds at beginning of year	486	464
<b>Shareholders' funds at end of year</b>	<b>503</b>	<b>486</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009****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. For this reason, they continue to adopt the going concern basis in preparing the accounts.

**Parent undertaking and controlling party**

The Company's

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

Up to 30 December 2009 the Company's ultimate parent company was Willis Group Holdings Limited, a company incorporated in Bermuda. On 31 December 2009 the Group redomiciled its ultimate parent company to Ireland. As a result Willis Group Holdings plc, a company incorporated in Ireland, replaced Willis Group Holdings Limited as the ultimate parent company.

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.

**Finance income**

Interest receivable is accounted for on an accruals basis.

**Foreign currency translation**

These financial statements are presented in US dollars 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. 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

**1. Accounting policies (continued)**

**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 a consolidated cash flow statement is prepared at Group level

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**2 Operating (loss)/profit**

Auditors' remuneration of £2,600 (\$4,186) (2008 £2,600 (\$5,148) was borne by another Group company

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**3. Employee costs**

The Company employed no staff during the year (2008 none)

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**4. Directors' remuneration**

The Directors of the Company received no remuneration for services rendered to the Company during the year (2008 \$nil)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

5. Tax charge on profit on ordinary activities	2009 \$m	2008 \$m
<i>(a) Analysis of charge for the year</i>		
Current tax		
UK corporation tax on profit at 28% (2008 28.5%)	7	4
Adjustments in respect of prior periods	-	1
Tax charge on profit on ordinary activities	7	5

*(b) Factors affecting tax charge for the year*

The tax assessed for the year is equal to (2008 lower than) the standard rate of corporation tax in the UK (28%) (2008 28.5%). The differences are explained below

Profit on ordinary activities before taxation	24	27
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	7	7
Effects of		
Adjustments to tax charge in respect of prior years	-	1
Other including effect of exchange rates	-	(3)
Total current tax charge for the year (note 5(a))	7	5

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

Following the Finance Act 2007, the UK corporation tax rate changed from 30% to 28% on 1 April 2008

6. Debtors	2009 \$m	2008 \$m
<i>Amounts falling due within one year.</i>		
Amounts owed by Group undertakings	271	80
<i>Amounts falling due after more than one year.</i>		
Amounts owed by Group undertaking	246	421
	517	501

An interest bearing loan note of \$421 million is due from TAI Limited. Interest is payable at LIBOR plus a margin of between 1.10% and 1.55% per annum. In 2008 this loan was shown as amounts falling due after more than one year. In 2009 \$175 million of the loan is shown in amounts falling due within one year as the first instalment is repayable on 15 July 2010. Amounts falling due after more than one year represents the remaining balance repayable on 15 July 2015.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

7. Creditors, amounts falling due within one year	2009 \$m	2008 \$m
Amounts owed to Group undertaking	7	9
Amounts owed to Group undertakings in respect of group relief	7	6
	14	15

8. Called up share capital	2009 Number (million)	2008 Number (million)
<b>Authorised share capital</b>		
Ordinary shares of \$1 each	500	500
1 ordinary share of £1	-	-
	500	500
	2009 \$m	2008 \$m
<b>Allotted, called up and fully paid</b>		
401,000,000 (2008 401,000,000) ordinary shares of \$1 each	401	401
1 (2008 1) ordinary share of £1	-	-
	401	401

9. Reserves and shareholders' funds	Share capital \$m	Share premium \$m	Profit and loss account \$m	Total \$m
1 January 2009	401	40	45	486
Profit on ordinary activities after taxation	-	-	17	17
31 December 2009	401	40	62	503

**10 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.

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