WILLIS GROUP SERVICES LIMITED

(Registered Number 1451456)

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

Directors

DB Margrett
SE Wood (appointed 31 July 2009)

Secretary

SK Bryant

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte LLP
London

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

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 loss on ordinary activities after taxation amounted to £37 million (2008 profit of £62 million) As shown in the profit and loss account on page 7, the Company reported an operating loss of £50 million for the year (2008 operating profit of £103 million) This loss reflects a combination of adverse foreign exchange movements and a reduction in expenses recharged to other Group companies

Dividends

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

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end

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

On 29 January 2010 the Company sold two freehold properties to Willis Limited, a fellow subsidiary undertaking, in an arms length transaction for consideration of £15 million, the agreed market value This resulted in a profit of £1 million

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

This Company is also exposed to additional risks by virtue of being a part of the wider Willis Group These risks have been 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

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 14

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

Communication with employees concerning the objectives and performance of the Company is conducted through personal 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 Company's vision and business strategy

It is the Company'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 MP Chitty and PC Regan resigned as Directors of the Company on 31 July 2009 and 19 February 2010 respectively SE Wood was appointed with effect from 31 July 2009 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,
- 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

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

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

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

S K Bryant
Secretary
21st June 2010

51 Lime Street
London EC3M 7DQ

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 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' 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 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 loss 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 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 Auditors
London
United Kingdom
24. June 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £m	2008 £m
Turnover	2	**118**	135
Operating expenses		**(129)**	(126)
Operating expenses – foreign exchange (loss)/gain		**(39)**	94
Operating (loss)/profit	3	**(50)**	103
Finance charges, net	6	**(5)**	(17)
(Loss)/profit on ordinary activities before taxation		**(55)**	**86**
Tax credit/(charge) on (loss)/profit on ordinary activities	7	**18**	(24)
(Loss)/profit on ordinary activities after taxation		**(37)**	62

All activities derive from continuing operations

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

BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	2009 £m	2008 £m
Fixed assets			
Tangible assets	8	100	101
Current assets			
Debtors			
Amounts falling due within one year	9	1,102	1,147
Amounts falling due after one year	9	3	3
		1,105	1,150
Deposits and cash		4	-
		1,109	1,150
Current liabilities			
Creditors amounts falling due within one year	11	(1,162)	(1,164)
Net current liabilities		(53)	(14)
Total assets less current liabilities		47	87
Provisions for liabilities	12	(5)	(8)
Net assets		42	79
Capital and reserves			
Called up share capital	13	5	5
Profit and loss account	14	37	74
Shareholders' funds		42	79

The financial statements of Willis Group Services Limited, registered company number 1451456, were approved by the Board of Directors and authorised for issue on 21st June 2010 and signed on its behalf by

SE Wood
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDING 31 DECEMBER 2009

Movement in shareholders' funds	2009 £m	2008 £m
(Loss)/profit on ordinary activities after taxation	(37)	62
Net movement in shareholders' funds for the year	(37)	62
Shareholders' funds at beginning of year	79	17
Shareholders' funds at end of year	**42**	79

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, modified to include revaluation of certain fixed assets, 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 and to group subsidiaries,
- while the Company has net current liabilities of £53 million (2008 £14 million) this is driven by the large intercompany balances If the intercompany creditors were to require settlement, the Group would provide alternative funding, 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 Directors' 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

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 401 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

1. Accounting policies (continued)

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 and is recognised as earned

Finance charges

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

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	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	2 per cent per annum
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

When the Company adopted FRS15 'Tangible fixed assets' in 2000, it took advantage of the transitional rules which permitted the retention of the carrying values of properties based on previously revalued amounts The Company's principal properties, valued at 31 December 1995, will not be subject to further revaluations

1. **Accounting policies (continued)**

Pension costs

Certain employees participate in Willis Group Holdings plc's UK defined benefit pension scheme This scheme was closed to new entrants in January 2006 New entrants are now offered the opportunity to join a defined contribution scheme The staff working for the Company are employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings plc ('the Group')

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 Willis Limited's balance sheet

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

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

1 Accounting policies (continued)

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 a consolidated cash flow statement is prepared at Group level

2. Turnover

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

	2009 £m	2008 £m
Management charge	**4**	6
Expenses recharged to other Group companies	**89**	105
Leased assets	**14**	14
Rental income	**11**	10
	118	135

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

3. Operating (loss)/profit	2009 £m	2008 £m
Operating (loss)/profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets		
Owned	12	12
Rentals under operating leases		
Land and buildings	26	28
Rental income	(11)	(10)
Currency translation adjustments	39	(94)

The foreign exchange loss of £39 million (2008 gain of £94 million) shown in the profit and loss account is mainly attributable to the fluctuation in the value of the pound to the US dollar and to the euro during the year in relation to intercompany assets and liabilities

Auditors' remuneration	2009 £m	2008 £m
Audit fees	1	1

The Company bore the audit fees of other UK Group companies in the current and preceding year Fees payable to the Company's auditors for the audit of the Company's annual accounts pursuant to legislation were £62,400 in both 2009 and 2008

4 Employee costs	2009 £m	2008 £m
Salaries	28	34
Social security costs	3	3
Other pension costs	4	3
	35	40

Number of employees – average for the period	2009 Number	2008 Number
Producer	3	1
Client services	44	36
Management / administration services	467	445
	514	482

The staff working for the Company are 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 and reimburses the employing company for the full amount of the costs incurred, as shown above

5. Directors' remuneration

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

6. Finance charges, net	2009 £m	2008 £m
Interest and investment income		
Interest receivable on cash at bank	-	1
Interest receivable from Group undertakings	4	10
	4	11
Interest payable and similar charges		
Interest payable to Group undertakings	(8)	(27)
Other interest payable	(1)	(1)
	(9)	(28)
Finance charges, net	(5)	(17)

7. Tax (credit)/charge on (loss)/profit on ordinary activities	2009 £m	2008 £m
(a) Analysis of (credit)/charge for the year		
Current tax		
UK corporation tax on profit at 28% (2008 28 5%)	(16)	23
Adjustments in respect of prior periods	(2)	(1)
Total current tax (credit)/charge on (loss)/profit on ordinary activities (note 7(b))	(18)	22
Deferred tax		
Origination and reversal of timing differences	1	1
Adjustments to the estimated recoverable amount of deferred tax arising in previous periods	(1)	1
Total deferred tax (note 10)	-	2
Tax (credit)/charge on (loss)/profit on ordinary activities	(18)	24

7. Tax (credit) /charge on (loss)/profit on ordinary activities (continued)

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

	2009 £m	2008 £m
The tax assessed for the year is lower (2008 lower) than the standard rate of corporation tax in the UK (28%) (2008 28 5%) The differences are explained below		
(Loss)/profit on ordinary activities before taxation	(55)	86
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28 5%)	(16)	24
Effects of		
Capital allowances for the year more than depreciation on qualifying assets	(1)	(1)
Depreciation on non-qualifying assets	1	-
Adjustments to tax charge in respect of prior years	(2)	(1)
Total current tax (credit)/charge for the year (note 7(a))	(18)	22

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

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

8 Tangible fixed assets

	Land and buildings			
	Freehold	Long/short leasehold improvements	Furniture, equipment, software and vehicles	Total
	£m	£m	£m	£m
Cost or valuation				
1 January 2009	29	58	91	178
Additions	-	1	13	14
Disposals	-	-	(12)	(12)
31 December 2009	**29**	**59**	**92**	**180**
Depreciation				
1 January 2009	14	5	58	77
Provision for the year	1	3	8	12
Disposals	-	-	(9)	(9)
31 December 2009	**15**	**8**	57	**80**
Net book value 31 December 2009	**14**	**51**	**35**	**100**
Net book value 31 December 2008	15	53	33	101

The transitional rules of FRS15 'Tangible fixed assets' have been adopted for Group properties, which permit the retention of the carrying values at the previous 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 FRS11 '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 2009 was £16 million (2008 £16 million), and the accumulated depreciation was £11 million (2008 £10 million) These properties would be included on an historical cost basis at £21 million (2008 £21 million) less accumulated depreciation of £21 million (2008 £21 million) No tax would be payable on the realisation of revalued properties at their net funds value by virtue of their tax base cost

On 29 January 2010 the Company sold two freehold properties to Willis Limited, a fellow Group undertaking Further details can be found in note 19 to the financial statements

9. Debtors	2009 £m	2008 £m
Amounts falling due within one year·		
Amounts owed by Group undertakings	**1,062**	1,130
Amounts owed by associate undertakings	**-**	1
Amounts owed by Group undertakings in respect of group relief	**16**	-
Other debtors	**13**	8
Prepayments and accrued income	**11**	8
	1,102	1,147
Amounts falling due after more than one year·		
Deferred tax asset (note 10)	**3**	3
	1,105	1,150

10. Deferred tax	2009 £m	2008 £m
Deferred tax has been provided in full in respect of assets/liabilities arising from the following timing differences		
Capital allowances	**(1)**	-
Other provisions	**4**	3
	3	3
At 1 January	**3**	5
Deferred tax charge in profit and loss account (note 7 (a))	**-**	(2)
At 31 December	**3**	3

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

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

11. Creditors: amounts falling due within one year	2009 £m	2008 £m
Amounts owed to Group undertakings	1,064	1,059
Amounts owed to associate undertakings	-	3
Amounts owed to Group undertakings in respect of group relief	-	24
Income tax and social security	7	7
Other creditors	88	67
Accruals and deferred income	3	4
	1,162	1,164

12 Provisions for liabilities	Exceptional restructuring provision £m
1 January 2009	8
Charged to profit and loss account	(5)
Utilised in the year	2
31 December 2009	5

Exceptional restructuring provision

The provision is in respect of properties no longer required for operational purposes The Company expects the majority (£4 million) to be utilised in the next 2 years, of which £3 million relates to a property on Camomile Street, London which the Company leases but no longer occupies This lease expires on 20 March 2011

13 Called up share capital	2009 Number (million)	2008 Number (million)
Authorised share capital		
Ordinary shares of £1 each	5	5
	2009 £m	**2008 £m**
Allotted, called up and fully paid		
5,000,000 (2008 5,000,000) ordinary shares of £1 each	5	5

14. Reserves and shareholders' funds	Share capital £m	Profit and loss account £m	Total £m
1 January 2009	5	74	79
Loss on ordinary activities after taxation	-	(37)	(37)
31 December 2009	5	37	42

15. Commitments

The Company had contracted for but not provided for capital expenditure at 31 December 2009 of £5 million (2008 £7 million)

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings			
	Lime Street	Other	Total	
	2009	2009	2009	2008
Lease expiry date	£m	£m	£m	£m
Within one year	-	2	2	-
Between two and five years	-	6	6	7
After five years	17	7	24	20
Total annual operating lease commitments	17	15	32	27

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 into the new building at the end of April 2008 As at 31 December 2009, the outstanding contractual obligation in relation to this commitment was £493 million (2008 £493 million)

16. Pensions

Defined Benefit Scheme

Certain employees of 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 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 2007 The most recent actuarial valuation has been reviewed and updated as at 31 December 2009 to take account of the requirements of FRS17 'Retirement Benefits', in order to assess the liabilities of the Scheme at 31 December 2009

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 $72 million (£45 million) at 31 December 2009 compared with an overall surplus after tax of $96 million (£66 million) at 31 December 2008 Company funded contributions were made at the rate of 14 8% of pensionable earnings in 2009 compared with 14 3% in 2008 In addition, the Scheme contributions increased to the rate of 8% in 2008 and remained at that level in 2009 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

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 £718,000 (2008 £436,000)

17. Contingent liabilities

The Company has given guarantees and indemnities to bankers and other third parties amounting to £16,000 (2008 £16,000)

18. 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

19 Events after the balance sheet date

On 29 January 2010 the Company sold two freehold properties to Willis Limited in an arm's length transaction for consideration of £15 million, the agreed market value This resulted in a profit of £1 million