WILLIS GROUP SERVICES LIMITED
(Registered Number 1451456)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Directors

DB Margrett
SE Wood

Secretary

Willis Corporate Secretarial Services Limited (appointed 8 September 2010)

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2010

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 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

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

There have been no significant changes in the Company's principal activities in 2010 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 £11 million (2009 loss of £37 million) As shown in the profit and loss account on page 7, the Company reported an operating profit of £14 million for the year (2009 operating loss £50 million) Net foreign currency exchange movements, primarily on Euros and US dollars relative to sterling, resulted in a favourable foreign exchange gain of £26 million in the year compared to a loss of £39 million in 2009 This was largely attributable to the retranslation of non-sterling intercompany debtors and creditors

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

Dividends

No interim dividend was paid in the year (2009 £nil) The Directors do not recommend the payment of a final dividend (2009 £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 group undertaking, in an arm's 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 part of the wider Group These risks have been discussed in the Group's financial statements which do not form part of this report

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

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 There were no 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 the Annual Report and the financial statements in accordance with applicable law and regulations

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

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

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

Statement of Directors' responsibilities in relation to the financial statements (continued)

Disclosure of information to auditors

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 auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information 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

Director
51 Lime Street
London EC3M 7DQ
19 SEPTEMBER 2011

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 2010 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 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

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 2010 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

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
19 September 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £m	2009 £m
Turnover	2	**130**	118
Operating expenses		**(142)**	(129)
Operating expenses – foreign exchange gain/(loss)		**26**	(39)
Operating profit/(loss)	3	**14**	(50)
Finance income/(charges), net	6	**1**	(5)
Profit/(loss) on ordinary activities before taxation		**15**	(55)
Tax (charge)/credit on profit/(loss) on ordinary activities	7	**(4)**	18
Profit/(loss) on ordinary activities after taxation		**11**	(37)

All activities derive from continuing operations

There are no recognised gains or losses in either 2010 or 2009 other than the profit or loss for those years

BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	2010 £m	2009 (restated) £m
Fixed assets			
Tangible assets	8	84	100
Current assets			
Debtors			
Amounts falling due within one year	9	916	1,092
Amounts falling due after one year	9	14	13
		930	1,105
Deposits and cash		1	4
		931	1,109
Current liabilities			
Creditors amounts falling due within one year	11	(884)	(1,096)
Net current assets		47	13
Total assets less current liabilities		131	113
Creditors amounts falling due after more than one year	12	(73)	(65)
Provisions for liabilities	13	(5)	(6)
Net assets		53	42
Capital and reserves			
Called up share capital	14	5	5
Profit and loss account	15	48	37
Shareholders' funds		53	42

The financial statements of Willis Group Services Limited, registered company number 1451456, were approved by the Board of Directors and authorised for issue on 19 SEPTEMBER 2011 and signed on its behalf by

SE Wood
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2010

Movement in shareholders' funds	2010 £m	2009 £m
Profit/(loss) on ordinary activities after taxation	11	(37)
Net movement in shareholders' funds for the year	11	(37)
Shareholders' funds at beginning of year	42	79
Shareholders' funds at end of year	**53**	42

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

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future For these reasons, the Directors continue to adopt the going concern basis in preparing the accounts

2009 restatement

The 2009 comparatives have been restated to reflect the current and non current split of lease incentives in accordance with UK GAAP There was no impact to the profit for the year or to net assets balances as at the year end

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 / 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

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 7 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

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

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

1. Accounting policies (continued)

Pension costs (continued)

Defined contribution scheme

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

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

Taxation

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more or less tax, at a future date, at rates expected to apply when they reverse based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Derivative financial instruments

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

Leased assets

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

Cash flow statement

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

2. Turnover

Turnover arıses solely ın the UK and ıs analysed ın the table below

	2010 £m	2009 £m
Management charge	5	4
Expenses recharged to other Group companıes	101	89
Income on assets leased to other Group companıes	13	14
Rental ıncome	11	11
	130	118

3. Operatıng profit/(loss)

	2010 £m	2009 £m
Operatıng profit/(loss) ıs stated after chargıng/(credıtıng)		
Depreciatıon of tangıble fixed assets		
Owned	11	12
Rentals under operatıng leases		
Land and buıldıngs	25	26
Profit on sale of tangıble fixed assets	(1)	-
Rental ıncome	(12)	(11)
Currency translatıon adjustments	(26)	39

The foreıgn exchange gaın of £26 mıllıon (2009 loss of £39 mıllıon) shown ın the profit and loss account ıs maınly attrıbutable to the fluctuatıon ın the value of the pound to the US dollar and the euro durıng the year ın relatıon to ıntercompany assets and lıabılıtıes

Audıtors' remuneration.	2010 £m	2009 £m
Audıt fees	1	1

The Company bore the audıt fees of other UK Group companıes ın the current and precedıng year Fees payable to the Company's audıtors for the audıt of the Company's annual accounts pursuant to legıslatıon were £62,400 ın 2010 and £62,400 ın 2009

4. Employee costs	2010 £m	2009 £m
Salaries	31	28
Social security costs	3	3
Other pension costs	4	4
	38	35

Number of employees – average for the period	2010 Number	2009 Number
Producer	10	3
Client services	66	44
Management / administration services	440	467
	516	514

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

Cash retention awards

Willis Group Holdings plc (the 'Group') makes annual cash retention awards to its employees Employees must repay a proportionate amount of these awards if they voluntarily leave the Group's employ (other than in the event of retirement or permanent disability) before a certain time period, currently up to three years The Group makes cash payments to its employees in the year it grants these retention awards and recognises these payments ratably over the period they are subject to repayment, beginning in the quarter in which the award is made The unamortised portion of cash retention awards is recorded within prepayments and accrued income

The following table sets out the amount of cash retention awards made and the related amortisation of those awards for the years ended 31 December 2010 and 2009

	2010 £m	2009 £m
Cash retention awards made	9	6
Amortisation of cash retention awards included in salaries	5	3

At 31 December 2010 unamortised cash retention awards totalled £8 million (2009 £4 million)

5. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2009 £nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

6. Finance income/(charges), net	2010 £m	2009 £m
Interest and investment income		
Interest receivable from Group undertakings	7	4
Interest payable and similar charges		
Interest payable to Group undertakings	(5)	(8)
Other interest payable	(1)	(1)
	(6)	(9)
Finance income/charges, net	1	(5)

7. Tax on profit/(loss) on ordinary activities	2010 £m	2009 £m
(a) Analysis of charge/(credit) for the year		
Current tax:		
UK corporation tax on profit at 28% (2009 28%)	4	(16)
Adjustments in respect of prior periods	-	(2)
	4	(18)
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)	-	-
Tax on profit/(loss) on ordinary activities	4	(18)

(b) Factors affecting current tax for the year

The tax assessed for the year is equal to (2009 lower than) the standard rate of corporation tax in the UK (28%) (2009 28%) The differences are explained below

	2010 £m	2009 £m
Profit/(loss) on ordinary activities before taxation	15	(55)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	4	(16)
Effects of		
Capital allowances for the year more than depreciation on qualifying assets	(1)	(1)
Depreciation on non-qualifying assets	-	1
Amounts not deductible for tax purposes	1	-
Adjustments to tax charge in respect of prior years	-	(2)
Total current tax charge/(credit) for the year (note 7(a))	4	(18)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

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

(c) Circumstances affecting current and future tax charges

The Government announced in June 2010 that it intended to reduce the rate of UK corporation tax from 28% to 24% over four years Consequently the Finance Act 2010, which was substantively enacted in July 2010, included provisions to reduce the rate of UK corporation tax to 27% with effect from 1 April 2011 Accordingly, deferred tax balances have been revalued to the lower rate of 27% in these accounts

On 23 March 2011, the Government announced that it intends to further reduce the rate of UK corporation tax to 26% with effect from 1 April 2011 and then by 1% per annum to 23% by 1 April 2014 As this legislation was not substantively enacted by 31 December 2010, the impact of these further anticipated rate changes is not reflected in the tax provisions reported in these accounts

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 2010	29	59	92	180
Additions	-	1	9	10
Disposals	(29)	-	(3)	(32)
31 December 2010	-	**60**	**98**	**158**
Depreciation				
1 January 2010	15	8	57	80
Provision for the year	-	2	9	11
Disposals	(15)	-	(2)	(17)
31 December 2010	-	**10**	**64**	**74**
Net book value 31 December 2010	-	**50**	**34**	**84**
Net book value 31 December 2009	14	51	35	100

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

8 Tangible fixed assets (continued)

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, and the accumulated depreciation was £11 million These properties would be included on a historical cost basis at £21 million less accumulated depreciation of £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

9. Debtors	**2010 £m**	2009 (restated) £m
Amounts falling due within one year:		
Amounts owed by Group undertakings	**887**	1,062
Amounts owed by Group undertakings in respect of group relief	**9**	16
Other debtors	**5**	4
Prepayments and accrued income	**15**	10
	916	1,092
Amounts falling due after more than one year:		
Deferred tax asset (note 10)	**3**	3
Prepayments and accrued income	**3**	1
Accrued rental income from subleases	**8**	9
	930	1,105

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	**2010 £m**	2009 £m
Deferred tax has been provided in full in respect of assets/liabilities arising from the following timing differences		
Capital allowances	-	(1)
Other provisions	**3**	4
	3	3
At 1 January	**3**	3
Deferred tax charge in profit and loss account (note 7 (a))	-	-
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 2010 (continued)

11. Creditors: amounts falling due within one year	2010 £m	2009 (restated) £m
Amounts owed to Group undertakings	853	1,064
Income tax and social security	7	7
Incentives from lessors	1	1
Other creditors	20	21
Accruals and deferred income	3	3
	884	1,096

12. Creditors: amounts falling due after more than one year	2010 £m	2009 (restated) £m
Incentives from lessors	73	65

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

13. Provisions for liabilities	Dilapidation provision £m	Exceptional restructuring provision £m	Total £m
1 January 2010	1	5	6
Utilised in the year	-	(4)	(4)
Charged to profit and loss account	1	2	3
31 December 2010	2	3	5

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

Exceptional restructuring provision
The provision is in respect of properties no longer required for operational purposes The Company expects the majority (£2 million) to be utilised in the next two years

14. Called up share capital	2010 Number (million)	2009 Number (million)
Authorised share capital		
Ordinary shares of £1 each	5	5

	2010 £m	2009 £m
Allotted, called up and fully paid		
5,000,000 (2009 5,000,000) ordinary shares of £1 each	5	5

15. Reserves and shareholders' funds	Share capital £m	Profit and loss account £m	Total £m
1 January 2010	5	37	42
Profit on ordinary activities after taxation	-	11	11
31 December 2010	5	48	53

16. Commitments

The Company had contracted for but not provided for capital expenditure at 31 December 2010 of £4 million (2009 £5 million)

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

	Land and buildings			
	Lime Street	Other	Total	
Lease expiry date	2010 £m	2010 £m	2010 £m	2009 £m
Within one year	-	1	1	2
Between two and five years	-	3	3	6
After five years	17	7	24	24
Total annual operating lease commitments	17	11	28	32

16. Commitments (continued)

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 2010, the outstanding contractual obligation in relation to this commitment was £482 million (2009 £493 million)

17. 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 2010 to take account of the requirements of FRS17 'Retirement Benefits', in order to assess the liabilities of the Scheme at 31 December 2010

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 $156 million (£100 million) at 31 December 2010 compared with an overall surplus after tax of $72 million (£45 million) at 31 December 2009 Company funded contributions were made at the rate of 14 9% of pensionable earnings in 2010 compared with 14 8% in 2009 In addition, the Scheme contributions were 8% in both 2010 and 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 £1,121,000 (2009 £718,000)

18. Contingent liabilities

The Company has given guarantees and indemnities to bankers and other third parties amounting to £27,000 (2009 £16,000)

19. Related party transactions

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