

SPECIAL CONTINGENCY RISKS LIMITED

(Registered Number 617667)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Directors

PA Owens
JR Holliday
DR Milne

Secretary

A Peel

Registered Office

30 Fenchurch Avenue
London EC3M 5AD

Auditor

Deloitte LLP
London



DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2012

Principal activities and review of developments

The Company is regulated by the Financial Services Authority (‘FSA’) up to 31 March 2013, thereafter by the Financial Conduct Authority (‘FCA’), and is a Lloyd’s broker engaged in International insurance broking. 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 specialized consultancy services.

There have been no significant changes in the Company’s principal activities in 2012. 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 £1,036,000 (2011 profit of £1,941,000) as shown in the profit and loss account on page 6. The Company’s revenue for the year increased by £375,000, being an increase in brokerage and fees. This was offset by an increase in salary costs of £511,000, and an £844,000 adverse foreign exchange movement, primarily being the redenomination of the JPY intercompany loan balance. The Group’s bonus award scheme changed during 2012 from retention awards to the payment of non-retention bonuses, resulting in an increased cost to the Company of £386,000. The decrease in profit led to a reduction in corporation tax of £307,000.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 9.

Dividends

No interim dividend was paid in the year (2011: £nil). A final dividend of £6,000,000 was agreed on 6 December 2012 (2011: £nil).

Balance sheet

The balance sheet on page 7 of the financial statements shows the Company’s financial position at the year end. Net assets have decreased by £4,964,000, primarily as a result of a £6,000,000 increase in accruals, due to the dividend agreed in December 2012, partly offset by an increase of £700,000 in the net intercompany debtor balance whilst the trade debtors in note 10 rose due to an increase of £300,000 in uncollected brokerage, driven by the increase in revenue and timing of collections.

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.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**Principal risks and uncertainties**

Competition in the Company's specialised area remains strong across all business streams. However the Company is confident that it delivers value to clients through its service levels and unique expertise.

The Company is regulated in the UK by the FSA and has appropriate FSA permissions to carry on its current activities. The Company has in place robust internal systems and control procedures to comply with applicable UK insurance industry regulation.

The Company earns its brokerage and fees in various currencies other than pounds sterling, its functional currency and is therefore exposed to the movement in exchange rates. The Group's treasury function manages this risk at a Group level.

The Company has intercompany balances with fellow Group undertakings in currencies other than pounds sterling, its functional currency, and is therefore exposed to movements in exchange rates. The Group's treasury function takes out contracts to manage this risk at a Group level.

The Company is financed by its own monies and has no third party debt. The Company's investment portfolio is held over a variable maturity profile and therefore exposes the Company to interest rate risk. The Company mitigates this risk through active investment portfolio management.

The 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.

Exposure to the Eurozone

The credit and economic conditions within certain European Union countries, in particular, Greece, Ireland, Italy, Portugal and Spain, have continued to deteriorate and have contributed to the instability in the global credit and financial markets. While the outcome of these events cannot be predicted, it is possible that such events could have a negative effect on the global economy as a whole, and the Company's business, operating results and financial condition. If the European debt crisis continues or further deteriorates, there will likely be a negative effect on the Company's European business, as well as the businesses of the Company's European clients. If the euro dissolved entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. A significant devaluation of the euro would cause the value of the Company's financial assets that are denominated in Euros to be significantly reduced. Any of these conditions could ultimately harm the Company's overall business, prospects, operating results, financial condition and cash flows.

Environment

The Group recognises the importance of its environmental responsibilities and its impact on the environment on a location by location basis, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 12.

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 staff briefings and regular meetings, complemented by employee publications and video presentations. Feedback is continually sought from staff on a variety of business, management and human resources issues. These communication tools provide employees with the opportunity to contribute to the everyday running of the business and to support the achievement of the Company's vision and business strategy.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**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.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that

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

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

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By Order of the Board



PA Owens
Director
30 Fenchurch Avenue
London EC3M 5AD

27 June. 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECIAL CONTINGENCY RISKS LIMITED

We have audited the financial statements of Special Contingency Risks Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movement in Shareholders' Funds and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

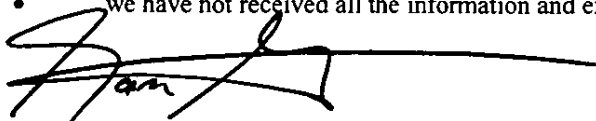
Opinion on other matter prescribed by the Companies Act 2006

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

27th June 2013

SPECIAL CONTINGENCY RISKS LIMITED**6****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £000	2011 £000
Brokerage and fees	2	7,491	7,116
Interest and investment income		4	7
Turnover		7,495	7,123
Operating expenses		(5,438)	(4,654)
Operating expenses – foreign exchange (loss)/gain		(658)	186
Operating profit	3	1,399	2,655
Finance income/(charges), net	6	15	(29)
Profit on ordinary activities before taxation		1,414	2,626
Tax charge on profit on ordinary activities	7	(378)	(685)
Profit on ordinary activities after taxation		1,036	1,941

All activities derive from continuing operations

There are no recognised gains or losses in either 2012 or 2011 other than the profit for those years

SPECIAL CONTINGENCY RISKS LIMITED

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BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Tangible assets	9	27	-
Current assets			
Debtors			
Amounts falling due within one year	10	11,809	10,794
Amounts falling due after one year	10	184	280
		11,993	11,074
Fiduciary assets amounts falling due within one year	11	17,541	13,472
Fiduciary assets amounts falling due after one year	11	157	164
Deposits and cash held in fiduciary capacity	11	1,606	2,025
Deposits and cash		1,349	1,358
		32,646	28,093
Current liabilities			
Creditors amounts falling due within one year	12	(7,252)	(1,307)
Fiduciary liabilities amounts falling due within one year	13	(18,881)	(14,990)
		(26,133)	(16,297)
Net current assets		6,513	11,796
Total assets less current liabilities		6,540	11,796
Creditors amounts falling due after more than one year	14	-	(44)
Fiduciary liabilities amounts falling due after more than one year	13	(423)	(671)
Net assets		6,117	11,081
Capital and reserves			
Called up share capital	15	750	750
Profit and loss account	16	5,367	10,331
Shareholders' funds		6,117	11,081

The financial statements of Special Contingency Risks Limited, registered company number 617667, were approved by the Board of Directors and authorised for issue on *27 June* 2013 and signed on its behalf by



PA Owens
Director

SPECIAL CONTINGENCY RISKS LIMITED**8****MOVEMENTS IN SHAREHOLDERS FUNDS AS AT 31 DECEMBER 2012**

Movements in shareholders' funds	Notes	2012 £000	2011 £000
Profit on ordinary activities after taxation		1,036	1,941
Dividends agreed	8	(6,000)	-
Net movements in shareholders' funds for the year		(4,964)	1,941
Shareholders' funds at beginning of year		11,081	9,140
Shareholders' funds at end of year		6,117	11,081

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**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

In accordance with their duties set out in the Financial Services and Markets Act and the FSA's 'Threshold Condition 4' the Directors have conducted enquiries into the nature and quality of the assets, liabilities, and cash that make up the Company's capital. Furthermore the Directors' enquiries extend to the Company's relationship with the Group and external parties on a financial and non-financial level. Having assessed the responses to their enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Willis Group to continue as a going concern or its ability to repay loans due to the Company from time to time.

As a consequence of the 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 Limited, and
- ultimate parent company is Willis Group Holdings plc, a company incorporated in Ireland

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

Brokerage income and fees negotiated in lieu of brokerage are recognised at the later of policy inception date or when the policy placement is complete. Revenue is deferred if necessary for any post placement obligations. Commissions on additional premiums and adjustments are recognised as and when advised.

Investment income earned on fiduciary balances is recognised on an accruals basis.

Finance income

Interest receivable and interest payable are accounted for on an accruals basis.

Foreign currency translation

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are currently work in progress and are therefore stated at cost with no depreciation charged. Once complete the assets will be 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:

Software	Between 3 and 7 years
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Expenditure for improvements is capitalised, repairs and maintenance are charged to expenses as incurred.

Tangible fixed assets will be 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 will be charged to the profit and loss account in the period in which the impairment occurs.

Fiduciary assets and fiduciary liabilities

The Company collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurers. The Company also collects claims or refunds from insurers on behalf of insureds.

Balances arising from insurance brokerage transactions are reported as separate assets or liabilities unless such balances are due to or from the same party and a right of offset exists, in which case the balances are recorded net.

Fiduciary assets

Uncollected premiums from insureds and uncollected claims or refunds from insurers ('fiduciary debtors') are recorded as fiduciary assets on the Company's balance sheet. In certain instances, the Company advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. Such advances are made from fiduciary funds and are reflected in the Company's balance sheet as fiduciary assets.

Fiduciary liabilities

The obligations to remit these funds to insurers or insureds are recorded as fiduciary liabilities on the Company's balance sheet. The period for which the Company holds such funds is dependent upon the date the insured remits the payment of the premium to the Company and the date the Company is required to forward such payment to the insurer.

Deposits and Cash held in fiduciary capacity ("fiduciary funds")

Unremitted insurance premiums and claims are recorded within fiduciary funds. Fiduciary funds are generally required to be kept in certain regulated bank accounts subject to guidelines which emphasise capital preservation and liquidity. Such funds are not available to service the Company's debt or for other corporate purposes. Notwithstanding the legal relationships with clients and insurers, the Company is generally entitled to retain interest and investment income earned on fiduciary funds in accordance with agreements with insureds and insurers and in accordance with industry custom and practice where these agreements are not in place.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

1 Accounting policies (continued)**Pension costs**

The Company has a defined benefit pension scheme and a defined contribution pension scheme. The defined benefit scheme was closed to new entrants in January 2006. New entrants are now offered the opportunity to join a defined contribution scheme.

Defined benefit scheme

A defined benefit scheme is a pension scheme that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The UK defined benefit scheme is funded, with the assets of the scheme held separately from those of the Company, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet of Willis Limited, a subsidiary undertaking of the Group.

As the Directors are unable to identify the Company's share of the scheme's underlying assets and liabilities, the Company recognises as its pension cost the contributions payable under the scheme during the year, as allowed by FRS17 and are charged to the profit and loss account as part of the employee costs in the period in which they fall due. The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method. The pension contribution rates are based on pension costs across the Group's UK companies as a whole.

Defined contribution scheme

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

2. Turnover

The table below analyses the Company's brokerage and fees by the accounting address of the client from whom the business is derived. This does not necessarily reflect the original source or location of the business. Brokerage and fees are attributable to continuing operations.

Brokerage and fees	2012 £000	2011 £000
United Kingdom	718	407
North America	1,328	352
Rest of the world	5,445	6,357
	7,491	7,116

3. Operating profit

Operating profit is stated after charging/ (crediting)

Currency translation adjustments	658	(186)
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Auditors' remuneration of £7,800 (2011 £7,800) was borne by another Group company

4. Employee costs

	2012 £000	2011 £000
Salaries	2,834	2,323
Social security costs	203	186
Other pension costs	264	222
	3,301	2,731

Number of employees – average for the period

	2012 Number	2011 Number
Producer	4	4
Client services	20	21
Management / administration services	10	9
	34	34

Cash retention awards

For the past several years, Willis Group Holdings plc (the 'Group') made annual cash retention awards to its employees under its annual incentive programs. Employees were required to repay a proportionate amount of these awards if they voluntarily left the Group's employ (other than in the event of retirement or permanent disability) before a certain time period, typically up to three years. The Group made cash payments to its employees in the year it granted these retention awards and recognised these payments ratably over the period they were subject to repayment, beginning in the quarter in which the award was made. The unamortised portion of cash retention awards was recorded within prepayments and accrued income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

4. Employee costs (continued)

Cash retention awards (continued)

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 2012 and 2011

	2012 £000	2011 £000
Cash retention awards made	741	839
Amortisation of cash retention awards included in salaries	717	661

In December 2012, the Group decided to eliminate the repayment requirement from the past annual cash retention awards and, as a result, the Company wrote off the unamortised balance of past awards of £182,000. There were however, a number of Company specific awards with retention conditions attached, for which the Company has not waived the repayment requirement. The unamortized portion of these awards amounted to £588,000 at 31 December 2012 (2011 £747,000).

The Group has replaced annual cash retention awards with annual cash bonuses which will not include a repayment requirement. The Company has accrued an additional £204,000 for these 2012 cash bonuses to be paid in 2013.

The Company employs its own staff and bears the cost of the salaries, social security payments and pension contributions to such staff.

5. Directors' remuneration	2012 £000	2011 £000
Emoluments, (excluding pension contributions, benefits and long-term incentive awards)	1,171	2,214
Benefits	15	16
Pension contributions	84	180
	1,270	2,410
Highest paid Director		
Emoluments, (excluding pension contributions and long-term incentive awards)	615	747
Pension contributions	26	79
	641	826
Accrued annual defined benefit pension relating to highest paid Director	131	130
	2012 Number	2011 Number
Directors exercising share options	1	1
Directors receiving shares under long-term incentive plans	2	3
Directors eligible for defined benefit pension schemes	2	2

PA Owens is remunerated by other Group companies with no part of his remuneration allocated to the Company. As such no disclosure of his remuneration has been made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

	2012 £000	2011 £000
6. Finance income/(charges), net		
Interest receivable from Group undertaking	35	31
Interest payable to Group undertaking	(20)	(60)
Finance income/(charges), net	15	(29)

	2012 £000	2011 £000
7. Tax on profit on ordinary activities		

*(a) Analysis of charge for the year***Current tax:**

UK corporation tax on profit at 24.5% (2011: 26.5%)
Adjustments in respect of prior periods

Total current tax (note 7(b))

380	703
(2)	(18)
378	685

(b) Factors affecting current tax for the year

The tax assessed for the year is higher (2011: lower) than the standard rate of corporation tax in the UK (24.5%) (2011: 26.5%). The differences are explained below:

Profit on ordinary activities before taxation

1,414	2,626
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Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)

346	696
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Effects of

Amounts not deductible for tax purposes

34	7
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Adjustments to tax charge in respect of prior years

(2)	(18)
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Total current tax charge for the year (note 7(a))

378	685
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(c) Circumstances affecting current and future tax charges

The Government announced on 23 March 2011 that it intended to reduce the rate of UK corporation tax from 28% to 23% over four years. Consequently the Finance Act 2011, which was substantively enacted on 5 July 2011, included provisions to reduce the rate of UK corporation tax to 26% with effect from 1 April 2011 and to 25% with effect from 1 April 2012.

On 21 March 2012, the Government proposed further legislation to reduce the rate of UK corporation tax to 22% by 2014. Consequently, the Finance Act 2012 which was substantively enacted on 3 July 2012, included provisions to reduce the rate of UK corporation tax to 24% with effect from 1 April 2012 and 23% from 1 April 2013. The rate reduction to 23% had been substantively enacted prior to 31 December 2012 and therefore has been reflected in the financial statements.

The Government has subsequently proposed that from 1 April 2014 the rate will be 21% rather than the previously announced 22% and that the rate will be further reduced to 20% from 1 April 2015. These changes to the main tax rate have not been substantively enacted at the Balance Sheet date, and, therefore, are not included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

	2012 £000	2011 £000
8. Dividends payable		
Agreed 6 December 2012	6,000	-

	Computer software £000
9. Tangible fixed assets	
<i>Cost or valuation</i>	
1 January 2012	-
Additions	27
<i>Cost and net book value 31 December 2012</i>	27

Costs have been incurred in the year for development of the operations centre, Alert24 project, primarily relating to building the IT infrastructure. The operations centre is manned 24 hours a day to inform, prevent and respond to people's risks across the world.

	2012 £000	2011 £000
10. Debtors		
<i>Amounts falling due within one year.</i>		
Trade debtors	3,297	3,087
Amounts owed by Group undertakings	7,745	7,034
Other debtors	-	156
Prepayments and accrued income	163	31
Retention awards	588	467
VAT	16	19
	11,809	10,794
<i>Amounts falling due after more than one year:</i>		
Trade debtors	184	-
Retention awards	-	280
	184	280
	11,993	11,074

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

11 Fiduciary assets, deposits and cash	2012 £000	2011 £000
<i>Amounts falling due within one year.</i>		
Trade debtors	15,623	11,949
Amounts owed by Group undertakings	1,891	1,474
Amounts owed by associate undertakings	27	49
	<u>17,541</u>	<u>13,472</u>
Deposits and cash held in fiduciary capacity	1,606	2,025
	<u>19,147</u>	<u>15,497</u>
<i>Amounts falling due after more than one year:</i>		
Trade debtors	<u>157</u>	<u>164</u>

Fiduciary funds include deposits with maturities of less than or equal to three months. Any interest accrued is recorded within prepayments and accrued income.

12. Creditors, amounts falling due within one year	2012 £000	2011 £000
Trade creditors	116	225
Amounts owed to Group undertakings in respect of group relief	381	703
Accruals and deferred income	6,755	379
	<u>7,252</u>	<u>1,307</u>

13. Fiduciary liabilities: amounts falling due within one year	2012 £000	2011 £000
Trade creditors	18,209	14,461
Amounts owed to Group undertakings	618	490
Amounts owed to associate undertakings	54	39
	<u>18,881</u>	<u>14,990</u>
<i>Amounts falling due after more than one year:</i>		
Trade creditors	<u>423</u>	<u>671</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

	2012 £000	2011 £000
14. Creditors: amounts falling due after more than one year		
Trade creditors	-	44

	2012 £000	2011 £000
15. Called up share capital		
Allotted, called up and fully paid		
750,000 (2011 750,000) ordinary shares of £1 each	750	750

	Share capital £000	Profit and loss account £000	Total £000
16. Reserves and shareholders' funds			
1 January 2012	750	10,331	11,081
Profit on ordinary activities after taxation	-	1,036	1,036
Dividend payable	-	(6,000)	(6,000)
31 December 2012	750	5,367	6,117

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 pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method. The pension contributions rates are based on pension costs across the Group's UK companies as a whole.

The most recent actuarial valuation of the Scheme was at 31 December 2010. The most recent actuarial valuation has been reviewed and updated as at 31 December 2012 to take account of the requirements of FRS17 'Retirement Benefits', in order to assess the liabilities of the Scheme at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

17 Pensions (continued)*Defined Benefit Scheme (continued)*

The Directors consider that the share of the Scheme's underlying assets and liabilities attributable to the Company's employees cannot be separately identified as several Group companies participate in the Scheme. Accordingly all Scheme assets and liabilities are included on the balance sheet of Willis Limited. The Scheme showed an overall surplus after tax of \$136 million (£83.8 million) at 31 December 2012 compared with an overall surplus after tax of \$130 million (£84 million) at 31 December 2011. Company funded contributions were made at the rate of 14.4% of basic salaries in 2012 compared with 14.8% in 2011. In addition, the Scheme contributions were 10% in 2012 and in 2011 8% up to 1 July 2011 and 10% thereafter 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 £56,000 (2011: £32,000).

18 Contingent liabilities

The Company is subject to various actual and potential claims, lawsuits and proceedings relating principally to alleged errors and omissions in connection with the placement of insurance and reinsurance in the ordinary course of business.

Most of the claims, lawsuits and proceedings arising in the ordinary course of business are covered by professional indemnity or other appropriate insurance. In respect of insurance deductibles the Company has established provisions against these items which are believed to be adequate in the light of current information and legal advice, and the Company adjusts such provisions from time to time according to developments. On the basis of current information, the Company does not expect that the ultimate outcome of the actual claims, lawsuits and proceedings to which the Company is subject, or potential claims, lawsuits or proceedings, either individually or in the aggregate, will have a material adverse effect on the Company's financial condition, results of operations or liquidity.

19 Directors' interests in contracts

The Company and other insurance broking subsidiary undertakings of Willis Group Holdings plc place risks with syndicates in which the Directors or connected persons (as defined in Section 252 of the Companies Act 2006) participate in the normal course of their broking activities on the same basis as they do with other Lloyd's syndicates.

20. Related party transactions

During the year the Company transacted, in the ordinary course of business, brokerage with associated undertakings listed below. Amounts owed by and to Group associated undertakings are disclosed in notes 11 and 13. These amounts all relate to trading.

	2012 £000	2011 £000
AF Willis Bahrain WLL	3	3
Al Futtain Willis LLC	46	(8)
Gras Savoye SA	31	15
Willis Saudi Arabia Company LLC	-	7
Gras Savoye Sigorta ve Reasurans Brokerlik A S	1	-
	81	17

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.