SPECIAL CONTINGENCY RISKS LIMITED

(Registered Number 617667)

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

Directors

S Hearn (appointed 16 October 2009)
JR Holliday
DR Milne

Secretary

SK Bryant

Registered Office

30 Fenchurch Avenue
London EC3M 5AD

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 Lloyds broker engaged in international insurance broking and is a subsidiary of Willis Group Holdings plc ('the Group') The Group is one of the world's leading professional service providers of risk management solutions, risk transfer expertise through insurance and reinsurance broking, and related specialised consultancy services

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

There have been no significant changes in the Company's principal activities in 2009 The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year

Results

The profit on ordinary activities after taxation amounted to £1 6 million (2008 profit of £2 2 million) As shown in the profit and loss account on page 7, the Company reported an operating profit of £2 2 million for the year (2008 operating profit £2 9 million) The decrease in profit is due to a combination of adverse foreign exchange movements and decreased investment income due to lower interest rates

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

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 Financial Services Authority and has appropriate FSA permissions to carry on its current activities Internal control procedures are in place to ensure that the Company is fully compliant with all 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 It therefore has no third party interest rate exposure

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 2009 (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 13

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

Directors

The current Directors of the Company are shown on page 1, which forms part of this report DB Margrett resigned as Director of the Company on 8 September 2009 S Hearn was appointed with effect from 16 October 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
12th August 2010

51 Lime Street
London EC3M 7DQ

INDEPENDENT AUDITORS' 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 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the Directors, and
- the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPECIAL CONTINGENCY RISKS 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
2 September 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £000	2008 £000
Brokerage and fees	2	**6,761**	6,289
Interest and investment income		**14**	73
Turnover		**6,775**	6,362
Operating expenses		**(4,618)**	(3,475)
Operating profit	3	**2,157**	2,887
Interest receivable from Group undertakings		**35**	242
Profit on ordinary activities before taxation		**2,192**	3,129
Tax charge on profit on ordinary activities	6	**(609)**	(908)
Profit on ordinary activities after taxation		**1,583**	2,221

All activities derive from continuing operations.

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

BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	2009 £000	2008 £000
Current assets			
Debtors			
Amounts falling due within one year	7	**12,852**	14,619
Amounts falling due after one year	7	**90**	312
		12,942	14,931
Deposits and cash		**5,377**	4,115
		18,319	19,046
Current liabilities			
Creditors amounts falling due within one year	9	**(10,990)**	(13,338)
Total assets less current liabilities		**7,329**	5,708
Creditors amounts falling due after more than one year	10	**(213)**	(175)
Net assets		**7,116**	5,533
Capital and reserves			
Called up share capital	11	**750**	750
Profit and loss account	12	**6,366**	4,783
Shareholders' funds		**7,116**	5,533

The financial statements of Special Contingency Risks Limited, registered company number 617667, were approved by the Board of Directors and authorised for issue on 12th August 2010 and signed on its behalf by

S Hearn
Director

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

Movement in shareholders' funds	2009 £000	2008 £000
Profit on ordinary activities after taxation	**1,583**	2,221
Net movement in shareholders' funds for the year	**1,583**	2,221
Shareholders' funds at beginning of year	**5,533**	3,312
Shareholders' funds at end of year	**7,116**	5,533

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Accounting policies

Basis of preparation

The principal accounting policies are summarised below They have all been applied consistently throughout the year and the preceding year

The financial statements have been prepared

- under the historical cost convention, and
- in accordance with applicable law and accounting standards in the United Kingdom

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the accounts

Parent undertaking and controlling party

The Company's

- immediate parent company and controlling undertaking is Willis 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

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 instead of brokerage are recognised at the later of policy inception date or when the policy placement is complete. Revenue is deferred if required in respect of any significant post placement obligations

Interest receivable from Group undertakings

Interest receivable is 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

1. Accounting policies (continued)

Insurance broking debtors and creditors

Insurance brokers act as agents in placing insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions Notwithstanding the legal relationships with clients and insurers, market practice is for insurance brokers to retain investment income on any cash flows arising from insurance broking transactions

Debit and credit balances arising from insurance broking transactions are generally reported as separate assets or liabilities Such balances are aggregated into a single net balance if due to or from the same party and the offset would survive the insolvency of that party

Funds held in connection with insurance broking transactions are generally required to be held in regulated bank accounts and are generally not available for purposes other than settling insurance broking transactions

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

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

1. Accounting policies (continued)

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 is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

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

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	2009 £000	2008 £000
United Kingdom	865	580
North America	1,315	1,450
Rest of the world	4,581	4,259
	6,761	6,289

3. Operating profit	2009 £000	2008 £000
Operating profit is stated after charging/(crediting)		
Currency translation adjustments	316	(716)

Auditors' remuneration of £7,800 (2008 £7,800) was borne by another Group company

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

4. Employee costs	2009 £000	2008 £000
Salaries	1,875	1,806
Social security costs	138	149
Other pension costs	259	231
	2,272	2,186

Number of employees – average for the period	2009 Number	2008 Number
Producer	4	4
Client services	15	15
Management / administration services	5	7
	24	26

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

5. Directors' remuneration	2009 £000	2008 £000
Emoluments, (excluding pension contributions, benefits and long term incentive awards)	2,422	1,635
Benefits	23	15
Pension contributions	137	137
	2,582	1,787
Highest paid Director		
Emoluments, (excluding pension contributions and long term incentive awards)	1,063	979
Pension Contributions	79	79
	1,070	1,058
Accrued annual defined pension	120	105

The highest paid director did not exercise any share options in the year

	2009 Number	2008 Number
Directors exercising share options	-	-
Directors receiving shares under long term incentive plans	-	-
Directors eligible for defined benefit pension schemes	3	3

6. Tax charge on profit on ordinary activities	2009 £000	2008 £000
(a) Analysis of charge for the year		
Current tax		
UK corporation tax on profit at 28% (2008 28 5%)	**391**	660
Adjustments in respect of prior periods	**(10)**	-
Total current tax charge on profit on ordinary activities (note 6(b))	**381**	660
Deferred tax		
Origination and reversal of timing differences	**228**	248
Total deferred tax (note 8)	**228**	248
Tax charge on profit on ordinary activities	**609**	908
(b) Factors affecting tax charge for the year		
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		
Profit on ordinary activities before taxation	**2,192**	3,129
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28 5%)	**614**	892
Effects of		
Movements in short term timing differences	**(228)**	(248)
Expenses not deductible for tax purposes	**5**	16
Adjustments to tax charge in respect of prior years	**(10)**	-
Total current tax charge for the year (note 6(a))	**381**	660

(c) Circumstances affecting current and future tax charges.

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

7. Debtors	2009 £000	2008 £000
Amounts falling due within one year:		
Trade debtors	5,439	6,145
Amounts owed by Group undertakings	6,904	8,302
Amounts owed by associate undertakings	64	109
Prepayments and accrued income	438	60
VAT	7	3
	12,852	14,619
Amounts falling due after more than one year:		
Trade debtors	6	-
Deferred tax asset (note 8)	84	312
	90	312
	12,942	14,931

8. Deferred tax	2009 £000	2008 £000
Deferred tax has been provided in full in respect of assets/liabilities arising from the following timing differences:		
Other provisions	84	312
	84	312
At 1 January	312	560
Deferred tax charge in profit and loss account (note 6 (a))	(228)	(248)
At 31 December	84	312

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

9. Creditors: amounts falling due within one year	2009 £000	2008 £000
Trade creditors	9,213	9,764
Amounts owed to Group undertakings	849	1,281
Amounts owed to associate undertakings	7	6
Amounts owed to Group undertakings in respect of group relief	390	692
Accruals and deferred income	531	1,595
	10,990	13,338

10. Creditors: amounts falling due after more than one year	2009 £000	2008 £000
Trade creditors	213	175

11. Called up share capital	2009 Number (thousand)	2008 Number (thousand)
Authorised share capital		
Ordinary shares of £1 each	750	750
	2009 £000	2008 £000
Allotted, called up and fully paid		
750,000 (2008 750,000) ordinary shares of £1 each	750	750

12. Reserves and shareholders' funds	Share capital £000	Profit and loss account £000	Total £000
1 January 2009	750	4,783	5,533
Profit on ordinary activities after taxation	-	1,583	1,583
31 December 2009	750	6,366	7,116

13. 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 £16,000 (2008 £17,000)

14. Contingent liabilities

The Company has given guarantees and indemnities to bankers and other third parties amounting to £11,000 (2008 £11,000)

The Company is subject, from time to time, 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, if any, 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

15. 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

16. 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 7 and 9 These amounts all relate to trading

	2009	2008
	£000	£000
AF Willis Bahrain WLL	**4**	4
Al Futtaim Willis LLC	**30**	24
Gras Savoye SA	**43**	61
Willis (Malaysia) Sdn Bhd	**11**	1
	88	90

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