

SPECIAL CONTINGENCY RISKS LIMITED

(Registered Number 00617667)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Directors

JR Holliday
AJP Swift

Registered Office

51 Lime Street
London
EC3M 7DQ

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

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SPECIAL CONTINGENCY RISKS LIMITED

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SPECIAL CONTINGENCY RISKS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Company Activities and Review of Developments

Special Contingency Risks Limited (the 'Company') is a subsidiary of Willis Towers Watson plc. Willis Towers Watson plc, together with its subsidiaries ('WTW'), is a leading global advisory, broking and solutions company that provides data-driven, insight-led solutions in the areas of people, risk and capital. The Company is domiciled and incorporated in the United Kingdom.

During the year, the company ceased trading.

Developments During the Year

Termination of Proposed Combination with Aon plc

On 9 March 2020, WTW and Aon plc ('Aon') issued an announcement disclosing that the respective boards of directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. The transaction was approved by the shareholders of both WTW and Aon during meetings of the respective shareholders held on 26 August 2020. On 16 June 2021, the U.S. Department of Justice filed suit in U.S. District Court in the District of Columbia against WTW and Aon, seeking to enjoin the proposed business combination between the two companies (among other relief). On 26 July 2021, WTW and Aon announced they had terminated the business combination agreement and that Aon had agreed to pay WTW \$1 billion in connection with such termination, which was received by WTW on 27 July 2021 (the 'Termination' or the 'Termination Agreement'). Under the Termination Agreement, WTW and Aon on behalf of themselves and certain other related and affiliated parties, each agreed to release the other from all claims and actions arising out of or related to the business combination agreement and the transactions contemplated thereby, subject to certain exceptions.

Willis Re Disposal

As part of the potential combination with Aon, WTW entered into an agreement with Arthur J. Gallagher & Co. ('Gallagher'), a leading global provider of insurance, risk management and consulting services, to sell its treaty-reinsurance business ('Willis Re') and certain of WTW's corporate risk and broking and health and benefit businesses. Upon termination of the Aon combination, the definitive agreement with Gallagher automatically terminated in accordance with its terms. On 13 August 2021, WTW entered into a new definitive agreement to sell Willis Re to Gallagher for total upfront cash consideration of \$3.25 billion plus an earnout payable in 2025 of up to \$750 million in cash, subject to certain adjustments. The principal closing date of the deal occurred on 1 December 2021 although certain elements of the deal are subject to deferred closing dates in 2022.

There have been no significant changes in the Company's principal activities in 2021. 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.

Financial Results for the Year Ended 31 December 2021

The profit after taxation amounted to £13,000 (2020: profit of £245,000) as shown in the income statement on page 11. The decrease in profit of £232,000 is attributable to:

- £287,000 decrease in interest receivable,

partly offset by:

- £55,000 decrease in corporation tax charge.

Balance Sheet

The balance sheet on page 12 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £13,000 as a result of:

- £55,000 decrease in creditors,

partly offset by:

- £42,000 net decrease in amounts owed by WTW undertakings.

WTW manages its operations on a business segment basis. For this reason, the Company's Directors believe that key performance indicators for the Company are not meaningful for an understanding of the development, performance or position of the business. The performance of WTW, which includes the Company, is discussed in WTW's financial statements which do not form part of this report.

SPECIAL CONTINGENCY RISKS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Principal Risks and Uncertainties

COVID-19

The COVID-19 pandemic ('COVID-19') has had an adverse impact on global commercial activity, including the global supply chain, and at times has contributed to strain in financial markets, including, among other effects, significant volatility in equity markets, changes in interest rates and reduced liquidity on a global basis. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output. As such, there is a risk that COVID-19 and its variants could have a substantial negative impact on client demand and cash flow in certain or all of WTW's business.

COVID-19 risks could magnify other risks. For example, the effectiveness of external parties, including governmental and non-governmental organisations, in combating the spread and severity of COVID-19 and its variants could have a material impact on demand for WTW's business. The rapid development and fluidity of COVID-19, including the continued development, availability, distribution and acceptance of effective vaccines and the emergence of vaccine-resistant variants, precludes any prediction as to the duration of COVID-19 and the ultimate adverse impact of COVID-19 on WTW's business. Nevertheless, COVID-19 continues to present significant uncertainty with respect to demand for WTW's products and services.

In addition, COVID-19 has disrupted certain aspects of WTW's business and could continue to disrupt the Company's own business operations. As an increasing percentage of WTW's colleagues continue to work remotely, WTW faces resiliency risks, such as the risk that its information technology platform could potentially be inadequate to support increasing demand, as well as the risk that unusual working arrangements could impact the effectiveness of its operations or controls. Economic disruption caused by COVID-19 or other factors may impact the pace at which WTW makes information technology-based investments, and WTW may continue to make fewer information technology-based investments than previously anticipated, which could potentially create business operational risk. In addition, WTW depends on third-party platforms and other infrastructure to provide certain of its products and services, and such third-party infrastructures face similar resiliency risks. These factors have exposed WTW to increased phishing and other cybersecurity attacks as cybercriminals try to exploit the uncertainty surrounding the COVID-19 pandemic, as well as an increase in the number of points of potential attack, such as laptops and mobile devices (both of which are now being used in increased numbers as many of WTW's employees work remotely), to be secured. A failure to effectively manage these risks, including to promptly identify and appropriately respond to any cyberattacks, may adversely affect WTW's business.

Also, a potential COVID-19 infection of any key WTW colleagues could substantially and negatively impact its operations. Further, it is possible that COVID-19 impacts processes of third-party vendors on whom WTW relies, which could also materially impact its operations. Resultant changes in financial markets could also have a material impact on WTW's financial transactions.

All of the foregoing events or potential outcomes could cause a substantial negative effect on the Company's own results of operations in any period and, depending on their severity, could also substantially and negatively affect its financial condition. Furthermore, such potential substantial adverse effects may lag behind the developments related to the COVID-19 pandemic. Such events and outcomes also could potentially impact WTW's reputation with clients and regulators, among others.

Further details on risks relating to COVID-19 are discussed in WTW's consolidated financial statements which do not form part of this report. WTW's consolidated financial statements which do not form part of this report.

Brexit

The Company is also exposed to additional risks by virtue of being part of WTW, including those relating to the United Kingdom ('UK') having left the European Union ('EU') on 31 January 2020. Following the occurrence of Brexit and the end of the formal transition period on 31 December 2020, a trade agreement has been established between the UK and the EU. As expected, the agreement largely addresses goods and not services, and WTW has therefore completed the establishment of appropriate arrangements for the continued servicing of client business in all relevant EU countries. Further negotiations between the UK and the EU resulted in the agreement of a Memorandum of Understanding to address matters related to financial services, though the outcome of future engagement between the UK and the EU in relation to services, including financial services and potential impact on WTW, are not yet fully known. These risks have been discussed in WTW's consolidated financial statements which do not form part of this report. Management does not anticipate any material impact for this Company.

SPECIAL CONTINGENCY RISKS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

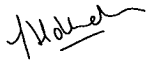
Environment

WTW recognises the importance of its environmental responsibilities and monitors 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 its activities.

Employees

The Company employed nil staff during the year (2020: nil).

This strategic report was approved by the Board of Directors and authorised for issue on 26 September 2022 and signed on its behalf by:



JR Holliday

Director

51 Lime Street

London

EC3M 7DQ

SPECIAL CONTINGENCY RISKS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2021.

Strategic Report

The Directors have approved the content of the Company's strategic report prepared in accordance with Section 414C of the Companies Act 2006. The strategic report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2021, along with the principal risks faced in achieving its future objectives, future developments and information on financial risk management.

Going Concern

The Company has ceased trading and as such the financial statements have been prepared on a basis other than going concern. The Company will realise its remaining assets and discharge its remaining liabilities in an orderly fashion and the Directors have determined that the accounting policies applied to individual items should be consistent with those required under Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). For further details, see note 1 in the financial statements.

COVID-19 has had an adverse impact on global commercial activity, including the global supply chain, and at times has contributed to strain in financial markets, including, among other effects, significant volatility in equity markets, changes in interest rates and reduced liquidity on a global basis. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output.

As discussed within the Strategic Review, WTW's established business recovery plans, including the ability for colleagues to work remotely, have enabled us to continue to service and support clients and minimise the risks to business interruption from COVID-19.

The withdrawal by WTW from its Russian business in the first quarter of 2022 in response to the conflict in Ukraine impacted the Company in respect of an impairment charge against both current and non-current receivables positions. The Directors have considered this impairment and associated future trading impact within their assessment of the Company's going concern.

The Directors do not consider that these events and uncertainties will have a direct impact on the Company. No adjustments arose as a result of ceasing to apply the going concern basis.

Dividends

No interim dividend was paid in the year (2020: £nil). The Directors do not recommend the payment of a final dividend (2020: £nil).

Events After the Balance Sheet Date

Divestment of WTW Russian Business

During the first quarter of 2022, WTW announced its intention to transfer ownership of its Russian subsidiaries to local management who will operate independently in the Russian market. Due to the sanctions and prohibitions on certain types of business and activities, WTW deconsolidated its Russian entities on 14 March 2022. The transfer of its Russian subsidiaries to local management was completed on the agreed upon terms on 18 July 2022, and the transfer was registered in Russia on 25 July 2022. Whilst management does not believe this will have a material effect on the Company, WTW continues to monitor the situation in Ukraine and globally and will continue to assess the potential impacts to its business.

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.

The activities of the Directors are covered by a WTW-wide Directors and Officers Insurance policy.

SPECIAL CONTINGENCY RISKS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Directors' Responsibilities Statement

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), including Financial Reporting Standard 101 - Reduced Disclosure Framework ('FRS 101'). 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 judgements 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:

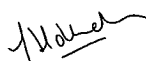
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that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

This Directors' report was approved by the Board of Directors and authorised for issue on 26 September 2022 and signed on its behalf by:



JR Holliday

Director

51 Lime Street

London

EC3M 7DQ

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Special Contingency Risks Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

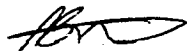
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our report

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.



Nicholas Bowker ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

26 September 2022

SPECIAL CONTINGENCY RISKS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
Interest receivable from group undertakings	6	16	303
Profit before taxation		16	303
Tax charge on profit	7	(3)	(58)
Profit for the year		13	245

All activities derive from discontinued operations.

The notes on pages 14 to 17 form an integral part of these financial statements.

There is no other comprehensive income in either 2021 or 2020.

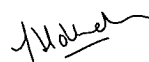
SPECIAL CONTINGENCY RISKS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
Current assets			
Debtors: amounts falling due within one year	8	29,848	29,890
		<u>29,848</u>	<u>29,890</u>
Current liabilities			
Creditors: amounts falling due within one year	9	(3)	(58)
Net current assets		<u>29,845</u>	<u>29,832</u>
Total assets less current liabilities		<u>29,845</u>	<u>29,832</u>
Net assets		<u>29,845</u>	<u>29,832</u>
Equity			
Called up share capital	10	770	770
Share premium account		26,080	26,080
Retained earnings		<u>2,995</u>	<u>2,982</u>
Shareholder's equity		<u>29,845</u>	<u>29,832</u>

The notes on pages 14 to 17 form an integral part of these financial statements.

The financial statements of Special Contingency Risks Limited, registered company number 00617667, were approved by the Board of Directors and authorised for issue on 26 September 2022 and signed on its behalf by:



JR Holliday

Director

SPECIAL CONTINGENCY RISKS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total £000
Balance at 1 January 2020	770	26,080	2,737	29,587
Profit for the year	—	—	245	245
Total comprehensive income for the year	—	—	245	245
Balance at 31 December 2020	770	26,080	2,982	29,832
Profit for the year	—	—	13	13
Total comprehensive income for the year	—	—	13	13
Balance at 31 December 2021	770	26,080	2,995	29,845

The notes on pages 14 to 17 form an integral part of these financial statements.

SPECIAL CONTINGENCY RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information and accounting policies

General Information

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered number and address of the Company's registered office is shown on page 1 of this report.

Basis of Preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 and, consequently, has prepared these financial statements in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework ('FRS 101').

The financial statements have been prepared on the historical cost basis.

The principal accounting policies adopted are set out below.

Disclosure Exemptions

The Company has taken advantage of certain disclosure exemptions permitted under FRS 101 in relation to, primarily: (i) financial instruments; (ii) presentation of a cash flow statement; (iii) related party transactions; and (iv) new International Financial Reporting Standards ('IFRSs') that have been issued but are not yet effective as, where required, equivalent disclosures are given in the group financial statements of Willis Towers Watson plc.

Going Concern

The Company has ceased trading and as such the financial statements have been prepared on a basis other than going concern. The Company will realise its remaining assets and discharge its remaining liabilities in an orderly fashion and the Directors have determined that the accounting policies applied to individual items should be consistent with those required under Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). No adjustments arose as a result of ceasing to apply the going concern basis.

Parent Undertaking and Controlling Party

The Company's:

- immediate parent company and controlling undertaking is Willis Group Limited; and
- ultimate parent company is Willis Towers Watson plc, a company incorporated in Ireland, whose registered office is Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland.

The largest and smallest group in which the results of the Company are consolidated is Willis Towers Watson plc, whose financial statements are available to members of the public on WTW's website www.wtwco.com, in the Investor Relations section.

Interest Receivable

Interest receivable is recognised as interest accrues using the effective interest method.

Income Taxes

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.

Income tax is charged or credited to other comprehensive income if it relates to items that are credited or charged to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

SPECIAL CONTINGENCY RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

1. General information and accounting policies (continued)

Financial Assets and Financial Liabilities

Financial assets and financial liabilities include cash and cash equivalents, trade debtors and certain other receivables as well as trade creditors and certain other payables (including amounts owed by/to group undertakings).

The Company classifies its financial assets as at amortised cost, on the basis of the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company classifies its financial liabilities as at amortised cost.

Financial assets or financial liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, and subsequently measured at amortised cost using the effective interest method. Any resulting interest is recognised in interest receivable or interest payable, as appropriate.

At each reporting date, the Company measures the loss allowance for financial assets at amortised cost. Impairment losses on financial assets at amortised cost are recognised in profit or loss on an expected loss basis: lifetime expected losses are recognised for relevant financial assets for which there have been significant increases in credit risk since initial recognition, whereas 12-month expected losses (cash shortfalls over the life of the loan arising from a default in the next 12 months) are recognised if the credit risk on a financial asset has not increased significantly since initial recognition. There would be a rebuttable presumption that the credit risk on a financial asset had increased significantly if it were more than 30 days past due and a rebuttable presumption that a financial asset was in default if it were more than 90 days past due. The amount of any impairment loss is recognised in profit or loss.

Recent Accounting Pronouncements Adopted in the Current Period

No amendments to International Financial Reporting Standards ('IFRSs') or International Accounting Standards ('IASs') issued or adopted by the International Accounting Standards Board ('IASB') and endorsed by the UK that became effective for the Company during the financial year had a significant effect on the Company's financial statements.

2. Critical accounting judgements and estimates

The preparation of financial statements in conformity with FRS 101 and in the application of the Company's accounting policies, which are described in note 1, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the dates of the financial statements and the reported amounts of revenues and expenses during the year. Judgements, estimates and assumptions are made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements or key sources of estimation uncertainty, that management has made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3. Operating profit

Auditor's remuneration of £8,000 (2020: £8,000) was borne by another group company.

4. Employee costs

The Company employed no staff during the year (2020: none).

SPECIAL CONTINGENCY RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

5. Directors' remuneration

The Directors of the Company are remunerated by other WTW companies with no part of their remuneration being allocated to this Company. Therefore no disclosure of their remuneration has been made in these financial statements.

	2021	2020
	£000	£000
6. Interest receivable and similar income		
Bank interest receivable	—	300
Interest receivable from group undertakings	16	3
Total interest income for financial assets measured at amortised cost	16	303

	2021	2020
	£000	£000
7. Taxation		

(a) Tax charged in the income statement

Current income tax:

UK corporation tax	3	58
Tax charge in the income statement (7b)	3	58

(b) Reconciliation of total tax charge

The tax assessed for the year is equal to (2020: higher than the standard rate of corporation tax in the UK 19% (2020: 19%). There were no reconciling items in 2021 (2020: none).

(c) Change in corporation tax rate

The Finance (No.2) Act 2015, which received royal assent on 18 November 2015, reduced the rate of UK corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016, which received royal assent on 15 September 2016, subsequently reduced the main rate of corporation tax to 17% from 1 April 2020. The Finance Act 2020, which received royal assent on 22 July 2020 repealed the reduction in the rate of UK corporation tax from 19% to 17% from 1 April 2020. The rate of UK corporation tax therefore remains at 19%.

The Finance Act 2021 which received Royal Assent on 10 June 2021, increased the main rate of UK corporation tax (on profits over £250,000) to 25% with effect from 1 April 2023. As the change was substantively enacted prior to 31 December 2021, it is reflected in these financial statements.

	2021	2020
	£000	£000
8. Debtors: amounts falling due within one year		
Amounts owed by group undertakings	29,848	29,890
	29,848	29,890

	2021	2020
	£000	£000
9. Creditors: amounts falling due within one year		
Income tax and social security	3	58
	3	58

SPECIAL CONTINGENCY RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

	2021	2020
10. Called up share capital	£000	£000
Allotted, called up and fully paid		
770,000 (2020: 770,000) ordinary shares of £1 each	770	770

The Company has one class of ordinary shares, which carry no right to fixed income.

11. Related party transactions

FRS 101 (paragraph 8(k)) exempts the reporting of transactions between group companies in the financial statements of companies that are wholly owned within WTW. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.

12. Events after the balance sheet date
