

WILLIS GROUP SERVICES LIMITED

(Registered Number 1451456)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Directors

SW Gaffney
R Goff
JC Lewis
Willis Corporate Director Services Limited

Registered Office

51 Lime Street
London EC3M 7DQ

Auditor

Deloitte LLP
London

THURSDAY



A686CD3T

A16

08/06/2017

#252

COMPANIES HOUSE

WILLIS GROUP SERVICES LIMITED
CONTENTS

	Page
Strategic report.....	3
Directors' report.....	5
Independent auditor's report.....	7
Income statement.....	9
Balance sheet.....	10
Statement of changes in equity.....	11
Notes to the financial statements.....	12
Appendix 1: Modern Slavery Act Statement.....	28

WILLIS GROUP SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Company activities and review of developments

The Company is a subsidiary of Willis Towers Watson plc (formerly Willis Group Holdings plc). Willis Towers Watson plc, together with its subsidiaries ('the Group') is one of the world's leading professional service providers of risk management, insurance broking, consulting, technology and solutions and private exchange services. The Company provides financial, leasing, property holding and administrative services principally for certain subsidiaries of the Group. The Company also acts as a treasury function, maintaining the flow of funds within the Group. The Company's principal sources of revenue are from income on leased assets, fees receivable in respect of management services and recharges to certain other Group undertakings. Recharges are based on usage and are allocated using various methods including revenues and headcount.

There have been no significant changes in the Company's principal activities in 2016. 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 £14 million (2015: £7 million) as shown in the income statement on page 9. The increase in profit is largely attributable to:

- £5 million increase in net investment income; and
- £2 million decrease in foreign exchange loss.

Balance sheet

The balance sheet on page 10 of the financial statements shows the Company's financial position at the year end. Net assets have decreased by £28 million largely as a result of:

- £35 million net decrease in amounts owed by Group undertakings; and
 - £8 million increase in accruals and deferred income;
- partly offset by:
- £14 million increase in deposits and cash;
 - £2 million increase in intangible assets;
 - £2 million increase in the deferred tax asset; and
 - £2 million increase in property, plant and equipment.

The corresponding decrease in shareholder's funds of £28 million is the result of:

- the payment of a dividend of £40m; and
 - an actuarial loss of £2 million on an unfunded defined benefit pension scheme;
- partly offset by:
- the profit after tax for the year of £14 million.

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.

WILLIS GROUP SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

Principal risks and uncertainties

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

The Company is party to a number of contracts, principally with other companies within the Group. The Company is therefore exposed to contractual risk arising from events or circumstances which might make it unable to fulfil its contractual obligations, such as system failure or counterparty bank failure.

The Company is also exposed to additional risks by virtue of being part of the wider Group, including those relating to the vote in the United Kingdom to leave the European Union. These risks have been discussed in the Group's financial statements which do not form part of this report.

Environment

The Group recognises the importance of its environmental responsibilities, 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 5 to the financial statements on page 19.

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

Communication with employees concerning the objectives and performance of the Group 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 Group's vision and business strategy.

By Order of the Board



SW Gaffney
Director
51 Lime Street
London EC3M 7DQ

6 June

2017

WILLIS GROUP SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2016.

Strategic report

The Directors have approved the content of the Company's strategic report prepared in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2016, along with the principal risks faced in achieving its future objectives.

Merger with Towers Watson & Co.

On 4 January 2016, pursuant to an Agreement and Plan of Merger, the Willis Group Holdings plc group and the Towers Watson & Co. group combined, with Towers Watson & Co. becoming a wholly-owned subsidiary of Willis Group Holdings plc. Immediately following the merger, Willis Group Holdings plc changed its name to Willis Towers Watson plc.

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 12.

Dividends

An interim dividend of £40 million was paid on 30 December 2016 (2015: £nil). The Directors do not recommend the payment of a final dividend (2015: £nil).

Employees

It is the Group's policy, in keeping with the legislation in the countries in which it operates, to provide a working environment free from all forms of harassment and discrimination, including discrimination against disabled employees, with respect to employment continuity, training, career development and other employment practices.

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. SE Wood resigned as Director of the Company on 29 January 2016. J Lewis was appointed as a Director of the Company on 29 January 2016. 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 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 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.

WILLIS GROUP SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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

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:

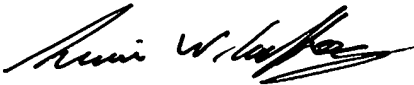
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's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



SW Gaffney
Director
51 Lime Street
London EC3M 7DQ

6 June

2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS GROUP SERVICES LIMITED

We have audited the financial statements of Willis Group Services Limited for the year ended 31 December 2016 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity 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), including FRS 101 "Reduced Disclosure Framework".

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS GROUP SERVICES LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Elanor Gill (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

6 June 2017

WILLIS GROUP SERVICES LIMITED**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £m	2015 £m
Turnover	3	219	178
Operating expenses		(209)	(170)
Operating expense – foreign exchange loss		-	(2)
Operating profit	4	10	6
Interest receivable from Group undertakings		24	10
Interest payable to Group undertakings		(15)	(6)
Profit on ordinary activities before taxation		19	10
Tax charge on profit on ordinary activities	7	(5)	(3)
Profit for the year		14	7

All activities derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR 31 DECEMBER 2016

	Note	2016 £m	2015 £m
Profit for the year		14	7
Actuarial loss on defined benefit pension scheme	17	(2)	-
Total comprehensive income for the year		12	7

WILLIS GROUP SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	2016 £m	2015 £m
Fixed assets			
Intangible assets	9	60	58
Property, plant and equipment	10	55	53
Investments	11	-	-
		<u>115</u>	<u>111</u>
Current assets			
Debtors:			
Amounts falling due within one year	12	1,585	852
Amounts falling due after more than one year	12	297	131
		<u>1,882</u>	<u>983</u>
Deposits and cash		20	6
		<u>1,902</u>	<u>989</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(1,882)	(934)
		<u>(1,882)</u>	<u>(934)</u>
Net current assets		<u>20</u>	<u>55</u>
Total assets less current liabilities		<u>135</u>	<u>166</u>
Creditors: amounts falling due after more than one year	14	(64)	(69)
Provisions for liabilities	15	(7)	(6)
Defined benefit pension plan deficit	17	(7)	(6)
Net assets		<u>57</u>	<u>85</u>
Equity			
Called up share capital	18	5	5
Retained earnings		<u>52</u>	<u>80</u>
Shareholder's funds		<u>57</u>	<u>85</u>

The financial statements of Willis Group Services Limited, registered company number 1451456, were approved by the Board of Directors and authorised for issue on 6 June 2017 and signed on its behalf by:



SW Gaffney
Director

WILLIS GROUP SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Called up share capital £m	Retained earnings £m	Total equity £m
Balance at 1 January 2015		5	73	78
Profit for the year		-	7	7
Total comprehensive income for the year		-	7	7
Balance at 31 December 2015		5	80	85
Profit for the year		-	14	14
Other comprehensive income:				
Actuarial losses on unfunded defined benefit pension scheme	17	-	(2)	(2)
Total comprehensive income for the year		-	12	12
Dividends to shareholders	8	-	(40)	(40)
Balance at 31 December 2016		5	52	57

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

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 except for certain financial instruments that are measured at fair value at the end of each reporting period.

The principal accounting policies adopted are set out below.

Disclosure exemptions

The Company has taken advantage of the certain disclosure exemptions permitted under FRS 101 primarily in relation to: (i) presentation of a cash flow statement; (ii) financial instruments and (iii) related party transactions as, where required, equivalent disclosures are given in the Group accounts of Willis Towers Watson plc.

Going concern

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 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 appropriate 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.

True and fair view override

In special disclosure circumstances, where compliance with any of the provisions of the Companies Act as to the matters to be included in a company's accounts (or notes thereto) is inconsistent with the requirement to give a true and fair view of the state of affairs and profit or loss, the directors shall depart from that provision to the extent necessary to give a true and fair view. In these instances, the Company would adopt a true and fair view override.

Parent undertaking and controlling party

The Company's:

- immediate parent company and controlling undertaking is Willis Faber 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.

In accordance with Section 400 of the Companies Act 2006, the Company is exempt from the requirement to produce group financial statements.

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

Revenue recognition

Turnover, which arises solely in the UK, comprises income on leased assets and fees receivable in respect of management services and recharges of expenses to other Group undertakings, which are recognised as earned.

Revenue is stated net of VAT, where applicable.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

1. Accounting policies (continued)

Interest receivable and interest payable

Interest receivable and interest payable are recognised as interest accrues using the effective interest method.

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').

Transactions in currencies other than the functional currency are initially recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise (see Financial assets and financial liabilities, below).

Intangible fixed assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is calculated on a straight-line basis to write off the cost of such assets over their estimated useful economic lives as follows:

Software and development costs	Between 3 and 10 years
--------------------------------	------------------------

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated on a straight-line basis to write off the cost of such assets over their estimated useful economic lives as follows:

Motor vehicles	Over 4 years
Furniture and equipment	Between 4 and 10 years
Short/long leasehold improvements	Over the shorter of the useful life or the period of the lease term

Expenditure for improvements is capitalised; repairs and maintenance are charged to expenses as incurred.

Tangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. Any impairment in the value of tangible fixed assets is charged to the profit and loss account in the period in which the impairment occurs.

Fixed asset investments

Investments in subsidiaries and associates are carried at cost less provision for impairment.

Pension costs

The Group has defined benefit pension schemes and defined contribution pension schemes. The Willis pension scheme in the UK, a defined benefit scheme, was closed to new entrants in January 2006, and subsequently a salary freeze was enacted on 30 June 2016. New employees are now offered the opportunity to join the defined contribution scheme.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

1. Accounting policies (continued)

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 cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice.

Certain employees of the Company participate in a Group defined benefit pension plan. As there is no contractual agreement or stated policy for charging the net defined benefit pension expense between group companies, the Company recognises as its pension cost the contributions payable under the scheme during the year. Such costs are charged to the income statement 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 actuarial advice. The pension contribution rates are based on pension costs across the Group's legacy Willis 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 income statement 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.

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.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements although deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same tax authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited 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.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

1. Accounting policies (continued)

Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Leased assets

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

Financial assets and financial liabilities

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

The Company classifies its financial assets and financial liabilities in the following categories: at fair value through profit and loss; as loans, receivables or payables (including amounts owed by / to group undertakings) or as derivatives which may either be designated as hedging instruments in an effective hedge or not. The classification is made by management at initial recognition and depends on the purpose for which the financial assets or financial liabilities were entered into.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised and subsequently measured at fair value. Gains or losses arising from changes in fair value through profit and loss are presented in the income statement within interest receivable or payable in the period in which they arise.

Loans, receivables and payables are non-derivative financial assets or financial liabilities with fixed or determinable receipts or payments that are not quoted in an active market. Such financial assets or financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Any resulting interest is recognised in interest receivable or interest payable, as appropriate.

The Company uses derivative financial instruments for other than trading purposes to alter the risk profile of an existing underlying exposure. Forward foreign currency exchange contracts are used to manage currency exposures arising from future income and expenses.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in fair value of derivatives that do not qualify for hedge accounting are recorded in the income statement.

Recent accounting pronouncements adopted in the current period

The Company did not adopt any new International Financial Reporting Standards ('IFRSs') or interpretations ('IFRICs') issued by the International Accounting Standards Board ('IASB') during the year ended 31 December 2016 and no amendments to IFRSs or International Accounting Standards ('IASs') issued or adopted by the IASB had a significant effect on its financial statements.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

1. Accounting policies (continued)

Recent accounting pronouncements to be adopted in future periods

In July 2015, the Financial Reporting Council ('FRC') issued amendments to FRS 101 as part of its 2014-2015 cycle and other minor amendments. In July 2016, the FRC issued further amendments to FRS 101 as part of its 2015-2016 cycle. Each amendment not already effective for the Company's 2016 accounting year will be mandatorily effective for the Company's 2017 or 2018 accounting year. The changes include reflecting the following standards issued by the IASB and endorsed by the EU but effective after 31 December 2016: IFRS 15 'Revenue From Contracts With Customers', whose core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services; and (ii) IFRS 9 'Financial Instruments', which includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. In January 2016, the IASB issued IFRS 16 'Leases', which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value and, subject to EU and/or any other required UK endorsement, will become mandatorily effective for the Company at the beginning of its 2019 accounting year. The Company is currently assessing the impact that these standards will have on its 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.

The following are the critical judgements that management has made in the process of applying the Company's accounting policies and/or the key assumptions or sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Operating leases

Management judgement has been applied in the classification of leases of properties, of which the Company is a lessee, as operating leases, resulting in no recognition of any asset or liability in the balance sheet, based on an evaluation of the terms and conditions of the arrangements and an assessment that the Company has not acquired the significant risks and rewards of ownership, and also in the assessment of future commitments under these leases.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

2. Critical accounting judgements and estimates (continued)

Software and development costs

At the balance sheet date, management reconsidered the recoverability and estimated useful economic lives of its intangible software and development costs assets which are included in its balance sheet at £60 million. Management is confident that the carrying amount of the asset will be recovered in full and that the useful economic lives remain appropriate.

Useful economic lives of tangible fixed assets

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the tangible fixed assets, and note 1 for the useful economic lives for each class of assets.

Impairment of loans and receivables

Management judgement is required to assess at the end of each reporting period whether there is any objective evidence that loans and receivables are impaired and, if so, to determine the amount of any impairment loss. See note 12 for the carrying amount of loans and receivables. No impairment loss was recognised in 2016 or 2015.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are given in note 7.

Provisions

Management judgement is required to determine the probability of an outflow of resources and to estimate the amount. Further details are given in note 15.

3. Turnover

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

	2016	2015
	£m	£m
Management charge	9	11
Expenses recharged to other Group companies	178	151
Income on assets leased to other Group companies	20	17
Rental income	12	11
	219	178

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

4. Operating profit	2016 £m	2015 £m
Operating profit is stated after charging/(crediting):		
Amortisation of intangible fixed assets (note 9):	13	10
Depreciation of property, plant and equipment (note 10):		
Owned	7	7
Operating lease payments:		
minimum lease payments	19	19
rental income	(12)	(11)
Total lease and sublease payments recognised in the income statement	7	8
Net foreign currency exchange differences	-	2

No foreign exchange loss has arisen in 2016 as the Company entered into a series of foreign currency hedges of intercompany loans denominated in foreign currency towards the end of 2015. In 2015 there was a £2 million foreign exchange loss largely attributable to the fluctuation in the value of the pound to the US dollar.

<i>Auditor's remuneration:</i>	2016 £m	2015 £m
Audit fees	1	1

The Company bore the audit fees of other UK Group companies in the current and preceding year. These were subsequently recharged to other Group companies. Fees payable to the Company's auditor for the audit of the Company's annual accounts pursuant to legislation were £62,400 in 2016 and £62,400 in 2015.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

5. Employee costs	2016 £m	2015 £m
Salaries and incentives	61	53
Social security costs	6	6
Other pension costs	4	4
	<u>71</u>	<u>63</u>

Number of employees – average for the period	2016 Number	2015 Number
Producer	4	8
Client services	65	56
Management/administration services	519	518
	<u>588</u>	<u>582</u>

One associate was contractually employed by the Company during 2015 and up to 15 May 2016. All remaining staff working for the Company are contractually employed by other subsidiary undertakings of Willis Towers Watson plc. The Company bears the cost of the salaries, social security payments and pension contributions relating to such staff in order to meet its obligations to other Group companies.

Cash bonuses

The Company has accrued £11 million for the 2016 cash bonuses to be paid in 2017 (2015: £12 million).

6. Directors' remuneration

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

7. Taxation	2016 £m	2015 £m
(a) Tax charged in the income statement		
Current income tax:		
UK corporation tax	7	5
Total current income tax	<u>7</u>	<u>5</u>
Deferred tax:		
Origination and reversal of timing differences	(2)	(3)
Adjustments in respect of prior periods	-	1
Total deferred tax	<u>(2)</u>	<u>(2)</u>
Tax expense in the income statement (note 7(b))	<u>5</u>	<u>3</u>

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

7. Taxation (continued)

	2016 £m	2015 £m
(b) Reconciliation of total tax charge		
The tax assessed for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK 20% (2015: 20.25%). The differences are explained below:		
Profit on ordinary activities before taxation	19	10
Tax calculated at UK standard rate of corporation tax of 20% (2015: 20.25%)	4	2
Effects of:		
Amounts not deductible for tax purposes	1	-
Adjustment in respect of prior periods	-	1
Total tax expense reported in the income statement (note 7(a))	5	3

(c) Change in corporation tax rate

The Finance Act 2013 set the rate of UK corporation tax at 20% with effect from 1 April 2015. The Finance Act 2015 maintained this rate for the year from 1 April 2016. The Finance (No.2) Act 2015, which was substantively enacted on 26 October 2015 and received royal assent on 18 November 2015, reduced the rate to 19% with effect from 1 April 2017 with a further reduction to 18% from 1 April 2020. The Finance Act 2016, which received royal assent on 15 September 2016, subsequently reduced the main rate of corporation tax from 18% to 17% from 1 April 2020. As the changes were substantively enacted prior to 31 December 2016, they have been reflected in these financial statements.

	2016 £m	2015 £m
(d) Deferred tax		
Deferred tax asset		
Accelerated capital allowances	5	4
Other provisions	1	-
	6	4
Disclosed on the balance sheet		
Deferred tax asset (note 12)	6	4
	6	4

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.

	2016 £m	2015 £m
Deferred tax in the income statement		
Accelerated capital allowances	(3)	(2)
Other provisions	1	-
	(2)	(2)

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

8. Dividends paid and proposed	2016 £m	2015 £m
Equity dividends on ordinary shares:		
First interim dividend paid 30 December 2016	<u>40</u>	<u>-</u>
	<u>40</u>	<u>-</u>

9. Intangible fixed assets	Software and development costs £m
<i>Cost</i>	
1 January 2016	118
Additions	15
Disposals	<u>(2)</u>
31 December 2016	<u>131</u>
<i>Amortisation</i>	
1 January 2016	60
Amortisation charge	13
Disposals	<u>(2)</u>
31 December 2016	<u>71</u>
 <i>Carrying amount 31 December 2016</i>	 <u>60</u>
Carrying amount 31 December 2015	<u>58</u>

The software and development costs are internally-generated.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

10. Property, plant and equipment	Long/short leasehold improvements £m	Furniture, fittings and equipment £m	Total £m
<i>Cost or valuation</i>			
1 January 2016	58	44	102
Additions	4	5	9
Disposals	-	(4)	(4)
31 December 2016	<u>62</u>	<u>45</u>	<u>107</u>
<i>Depreciation</i>			
1 January 2016	21	28	49
Provision for the year	2	5	7
Disposals	-	(4)	(4)
31 December 2016	<u>23</u>	<u>29</u>	<u>52</u>
<i>Carrying amount 31 December 2016</i>	<u>39</u>	<u>16</u>	<u>55</u>
<i>Carrying amount 31 December 2015</i>	<u>37</u>	<u>16</u>	<u>53</u>

11. Investments held as fixed assets

Direct subsidiary undertakings at 31 December 2016 were:

	Percentage of share capital held	Class of share	Country of incorporation
<i>Holding Company</i>			
Willis Corroon Nominees Limited	100%	Ordinary of £1 each	United Kingdom
<i>Dormant Company</i>			
Willis Group Medical Trust Limited	100%	Ordinary of £1 each	United Kingdom

The registered address for both the direct subsidiary undertakings is 51 Lime Street, London, EC3M 7DQ.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

12. Debtors	2016 £m	2015 £m
<i>Amounts falling due within one year:</i>		
Amounts owed by Group undertakings	1,564	830
Derivative financial instruments	1	2
Prepayments and accrued income	15	17
Other debtors	5	3
	<u>1,585</u>	<u>852</u>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by Group undertakings	286	121
Deferred tax asset (note 7)	6	4
Accrued rental income from subleases	5	6
	<u>297</u>	<u>131</u>
	<u>1,882</u>	<u>983</u>

Amounts falling due after more than one year

Included in amounts owed by Group undertakings is:

- an interest bearing loan of €167 million (£142 million) due from Willis Europe BV granted on 1 October 2014. The loan is repayable on 30 September 2024 with interest accrued monthly on the unpaid principal and compounded at the end of each month, at a rate of 1 month EURIBOR plus a margin of 1.39%; and
- \$178m million (£144 million) due from Trinity Acquisition plc granted on 21 December 2015. Interest is receivable half yearly at a rate of 1.8555%. The loan principal and any unpaid interest are repayable on 30 November 2020. This was previously netted off in creditors less than one year.

The accrued rental income due after more than one year represents lease incentives in relation to rent receivable from operating subleases, primarily on the leased London headquarters of the Group. These will be charged to the income statement on a straight-line basis over the lease term.

13. Creditors: amounts falling due within one year	2016 £m	2015 £m
Amounts owed to Group undertakings	1,811	877
Amounts owed to Group undertakings in respect of corporation taxation group relief	2	1
Income tax and social security	17	16
Incentives from lessors	5	5
Other creditors	9	7
Derivative financial instruments	4	2
Accruals and deferred income	34	26
	<u>1,882</u>	<u>934</u>

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

	2016 £m	2015 £m
14. Creditors: amounts falling due after more than one year		
Incentives from lessors	64	69
	<u>64</u>	<u>69</u>

The amounts due after more than one year represent lease incentives, including deferred discounts in relation to rent payable on operating leases, primarily on the leased London headquarters. These will be released to the income statement on a straight-line basis over the lease term. Of this, £46 million falls due in greater than five years from the balance sheet date (2015: £51 million).

	Dilapidation provision £m	Long term disability provision £m	Total £m
15. Provisions for liabilities			
1 January 2016			
Current	-	-	-
Non-current	3	3	6
	<u>3</u>	<u>3</u>	<u>6</u>
Charged to profit and loss account	1	-	1
31 December 2016	<u>4</u>	<u>3</u>	<u>7</u>
<i>Analysed as:</i>			
Current	-	-	-
Non-current	4	3	7
	<u>4</u>	<u>3</u>	<u>7</u>

Dilapidation provision

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

Long term disability provision

The provision is in respect of the salary costs of individuals who became long term sick prior to 2009. The Group has "self insured" against the costs of continuing to pay these individuals. All persons becoming eligible for long term sick pay after 2009 are now covered by external insurance.

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

16. Commitments

The Company had contracted for but not provided for capital expenditure at 31 December 2016 of £3 million (2015: £2 million).

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

	Land and buildings		Total	
	Lime Street	Other		
Lease expiry date	2016 £m	2016 £m	2016 £m	2015 £m
After five years	18	7	25	25
Total annual operating lease commitments	18	7	25	25

The Company provides the Group with its London headquarters. In November 2004, the Company entered into a 25 year agreement with long-time client British Land plc to lease the new London headquarters for the Group on Lime Street, London. The Company took control of the building in June 2007 and the Group's London based employees moved in to the new building at the end of April 2008. As at 31 December 2016, the outstanding contractual obligation in relation to this commitment was £363 million (2015: £385 million).

Annual rentals from non-cancellable operating subleases are as follows:

	Land and buildings		Total	
	Lime Street	Other		
Lease expiry date	2016 £m	2016 £m	2016 £m	2015 £m
After five years	-	1	1	8
Between 2 and 5 years	6	4	10	3
Total annual operating lease commitments	6	5	11	11

The Company has entered into sublease agreements for some of its excess leased space. At 31 December 2016, the outstanding contractual rental from subleases was £43 million (2015: £52 million).

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

17. Pensions

Defined Benefit Scheme

Certain staff working for 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 contractually employed by Willis Limited, a fellow subsidiary undertaking of Willis Towers Watson 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 legacy Willis UK companies as a whole.

The most recent actuarial valuation of the Scheme was at 31 December 2013. The most recent actuarial valuation was reviewed and updated as at 31 December 2016 to take account of the requirements of IAS 19 (revised 2011) 'Employee Benefits', in order to assess the liabilities of the Scheme at 31 December 2016.

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 \$389 million (£315 million) at 31 December 2016 compared with an overall surplus after tax of \$488 million (£331 million) at 31 December 2015. The Company was charged at the rate of 14% of 'members' basic salaries in both 2016 and 2015 in respect of the cost of accruing pension benefits. In addition, the Scheme contributions were 10% in both 2016 and 2015 for all employed members.

Full disclosures for the Scheme are included in the financial statements of Willis Limited.

The Scheme was closed to new members from 1 January 2006.

On 6 March 2015, the Company announced a salary freeze for the Scheme such that from 1 July 2015, future pay increases do not count towards the calculation of the pension.

Unfunded Defined Benefit Scheme

The Company also operates an Unfunded Defined Benefit Scheme for a number of pensioners and deferred pensioners in the UK. At 31 December 2016, the Scheme had no active members. The Scheme was closed to new members in April 2006.

The Company obtained a full actuarial valuation for the Scheme. This was carried out at 31 December 2016 by a qualified actuary.

The major assumptions used for the actuarial valuation were:

	2016	2015
	%	%
Discount rate	2.50	3.70
Inflation assumption (RPI)	3.25	3.30
Inflation assumption (CPI)	2.20	2.25
	80%/98%	80%/98%
	PNA00 for	PNA00 for
	males/females,	males/females,
Mortality ⁽ⁱ⁾	CMI 2013, 1%	CMI 2013, 1%
	long-term	long-term
	improvement	improvement

(i) PNA00 represents a mortality table, CMI represents assumed improvement in mortality

WILLIS GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

17. Pensions (continued)

At 31 December 2016, the Company recognised a deficit of £7 million on the balance sheet for the present value of Scheme liabilities (2015: deficit of £6 million). The Scheme has no assets. No deferred taxes have been recognised on the Scheme liabilities.

During the year ended 31 December 2016:

- no amounts were charged to operating profit (2015: £nil);
- £0.2 million (2015: £0.2 million) was charged to net finance charges reflecting the interest on pension scheme liabilities;
- there was a £2.0 million actuarial loss (2015: £nil million);
- contributions by the Company to the Scheme were £0.3 million (2015: £0.3 million); and
- benefits paid were £0.3 million (2015: £0.3 million)

The Company expects to contribute approximately £0.2 million to the Scheme in 2017.

The cumulative amount of actuarial loss is £1.3 million (2015: gain of £0.4 million).

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 £3 million (2015: £3 million).

	2016	2015
	£m	£m
18. Called up share capital		
Allotted, called up and fully paid		
5,000,000 (2015: 5,000,000) ordinary shares of £1 each	5	5

19. Foreign exchange forward contracts

During the year ended 31 December 2016, the Company entered into a number of foreign currency transactions in order to hedge its monetary assets and liabilities, of which the most material balances are intercompany loans. These derivatives were not designated as hedging instruments and at the year end were for a total notional amount of \$610 million (£493 million) (2015: \$532 million (£361 million)).

20. 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 the Group. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.

WILLIS GROUP SERVICES LIMITED

APPENDIX 1: MODERN SLAVERY ACT STATEMENT

MODERN SLAVERY ACT 2015

The Modern Slavery Act 2015 (the “Act”) came into force in March 2015 and has helped clearly define and codify offences relating to modern slavery and human trafficking.

This statement provides information about our business and how we have taken steps to investigate and mitigate the risk of modern slavery and human trafficking within our supply chain.

OUR APPROACH

Willis Group Services Limited is based in the UK as part of the Willis Towers Watson group of companies. Willis Group Services Limited provides financial, leasing, property holding and administrative services principally for subsidiaries of the wider Willis Towers Watson group. Willis Group Services Limited coordinates with Willis Towers Watson group companies to combat modern slavery and human trafficking.

Whilst we believe that the nature of our business as a provider of professional services to corporate clients means that we are not directly exposed to a high risk of modern slavery and human trafficking, we are nonetheless keenly aware that the possibility does exist within our global supply chains.

As part of the Willis Towers Watson group we are committed to maintaining and improving our practices to combat the human rights violations of slavery and human trafficking. We have therefore taken steps to identify and manage those areas in our supply chain where slavery and human trafficking are a possibility. Our goal is to minimise the risk wherever possible, and continually monitor and improve in our efforts.

We have taken a coordinated approach to tackling the risk of modern slavery in our business structure and have set up a cross-function working group to coordinate a group-wide approach to the matter.

POLICIES ON MODERN SLAVERY

We have a global Code of Conduct, also known as the Code of Business Conduct and Ethics. Our Code applies to all our staff. We are intending to launch training for staff on the Code and its key messages as part of an annual exercise. We review the Code regularly and are considering the extent to which we need to supplement its messages to include more details on modern slavery and human trafficking.

We are also in the process of amending our principles and approach to procurement and supplier on-boarding. Our proposed processes will focus on assessing and analysing the risk of modern slavery in relation to the supplier and any potential subcontractors. This approach, when it is finalised, is intended to apply to new supply contracts and renewals of existing contracts.

TRAINING

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our business and our supply chains, we have introduced training for key departments so that relevant employees are aware of the nature of the risks and what warning signs they should look for. During 2016 we brought in a leading London law firm to provide this training to key personnel in our Procurement, Compliance and Legal teams. The training focused on the offences under the Act, the reporting obligations for certain entities, general guidance on combating the risk of modern slavery and human trafficking, and some practical case studies.

We intend to review the need for additional or supplementary training during 2017.

WILLIS GROUP SERVICES LIMITED

APPENDIX 1: MODERN SLAVERY ACT STATEMENT (continued)

DUE DILIGENCE, ON-BOARDING AND MONITORING IN RELATION TO OUR SUPPLY CHAIN

The group has certain intra-group shared service suppliers located in countries considered to be of higher risk in the context of modern slavery and human trafficking. In addition to this, we have a multitude of smaller external suppliers located across the globe.

We have commenced investigations into our supply chain to ensure a standardised approach to assessing the risk of modern slavery and human trafficking. Although we are satisfied there is minimal risk, to ensure a coordinated approach going forward we are formulating standardised modern slavery and human trafficking requirements for our suppliers. To encourage compliance in our supply chain with our values, we expect all future external supply contracts to include appropriate provisions dealing with the risk of modern slavery.

To accompany these investigations, we are also reviewing our tender processes, and have formulated modern slavery enquiries to include within tender packs sent to prospective suppliers. These enquiries, alongside our existing due diligence processes, will help us to appropriately assess the modern slavery and human trafficking risk in relation to a potential supplier as part of our general consideration of their tender.

FUTURE DEVELOPMENTS

We intend to review and develop our anti-Modern Slavery policies, training and supplier approach as our business evolves.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 2016, and has been sent to the Board for approval, as reflected by the Director's signature below.



SW Gaffney

Name:

WILLIS GROUP SERVICES LIMITED

Date: 6 June 2017