WILLIS GROUP SERVICES LIMITED

(Registered Number 1451456)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Directors

R Goff
JC Lewis
Willis Corporate Director Services Limited
IV Pocock (appointed 29 March 2018)

Registered Office

51 Lime Street
London EC3M 7DQ

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

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WILLIS GROUP SERVICES LIMITED

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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 ('WTW') is a leading global advisory, broking and solutions provider that helps clients around the world turn risk into a path for growth. The Company is domiciled and incorporated in the UK. The Company provides financial, leasing, property holding and administrative services principally for certain subsidiaries of WTW. 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 WTW undertakings. Recharges are based on usage and are allocated using various methods including revenues and headcount.

The Company previously acted as a treasury function, maintaining the flow of funds within WTW. Following a global review of WTW's treasury function it was decided to centralise a number of treasury activities within a European hub based in the Netherlands. As a result of this, the Company's treasury activities were significantly scaled back in the year and its payable and recievable balances with WTW companies were consolidated into one foreign currency loan with WTW's global treasury company, WTW Global Treasury Company B.V. ('GTC'). In addition the Company's foreign exchange forward contracts were settled during the year. There have been no other significant changes in the Company's principal activities in 2017. 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 £9 million (2016: £14 million) as shown in the income statement on page 10. The decrease in profit is largely attributable to:

- £4 million decrease in net costs billed; and
- £2 million decrease in net investment income.

Balance sheet

The balance sheet on page 11 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £9 million largely as a result of:

- £18 million net increase in amounts owed by group undertakings;
- £4 million increase in VAT prepayments;
- £4 million decrease in the derivative financial instrument creditor;
- £4 million decrease in income tax and social security creditor;
- £4 million decrease in incentives from lessors falling due after more than one year;

partly offset by:

- £6 million decrease in deposits and cash; and
- £17 million decrease in fixed assets, largely as a result of shortening certain legacy systems and redundant IT data centres' useful economic lives.

WTW 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 WTW, which includes the Company, is discussed in WTW's financial statements which do not form part of this report.

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. These balances are mitigated where necessary by means of currency loans with the WTW treasury function. The WTW treasury function then 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 WTW. 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 WTW, including those relating to the vote in the United Kingdom to leave the European Union. On 29 March 2017, the British Government triggered Article 50 of the Treaty of Lisbon, giving formal notification of the UK's intention to withdraw from membership of the European Union. These risks have been discussed in WTW's consolidated financial statements which do not form part of this report.

Environment

WTW 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 WTW'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.

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

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

By Order of the Board

R Goff
Director
51 Lime Street
London EC3M 7DQ
13 June 2018

WILLIS GROUP SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2017.

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 2017, 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 Company's business activities and the factors likely to affect its future development and position are set out in the Strategic Report. The Company's financial projections indicate that it will generate positive cash flows on its own account for the foreseeable future. The Company deposits its excess own cash funds with WTW's centralised treasury function and so shares banking arrangements with its parent and fellow subsidiaries.

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 13.

Dividends

No interim dividend was paid in the year (30 December 2016: £40 million). The Directors do not recommend the payment of a final dividend (2016: £nil).

Employees

It is WTW'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. SW Gaffney resigned as Director of the Company on 16 March 2018. IV Pocock was appointed as a Director of the Company on 29 March 2018. There were no other changes in Directors during the year or after the year end.

Statement of Directors' responsibilities

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 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

R Goff
Director
51 Lime Street
London EC3M 7DQ
13 June 2018

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

Report on the audit of the financial statements

Opinion
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 of Willis Group Services Limited (the 'company') which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 20 and Appendix 1.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 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.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Report on other legal and regulatory requirements

Opinion on other matter 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 repsect 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.

Elanor Gill (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
13 June 2018

WILLIS GROUP SERVICES LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Turnover	3	**286**	219
Operating expenses		**(281)**	(209)
Operating profit	4	**5**	10
Interest receivable from group undertakings		**35**	24
Interest payable to group undertakings		**(28)**	(15)
Profit on ordinary activities before taxation		**12**	19
Tax charge on profit on ordinary activities	7	**(3)**	(5)
Profit for the year		**9**	14

All activities derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR 31 DECEMBER 2017

	Note	2017 £m	2016 £m
Profit for the year		**9**	14
Actuarial loss on defined benefit pension scheme	17	**-**	(2)
Total comprehensive income for the year		**9**	12

WILLIS GROUP SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Fixed assets			
Intangible assets	9	**46**	60
Property, plant and equipment	10	**52**	55
Investments	11	**-**	-
		98	115
Current assets			
Debtors:			
Amounts falling due within one year	12	**585**	1,585
Amounts falling due after more than one year	12	**11**	297
		596	1,882
Deposits and cash		**14**	20
		610	1,902
Current liabilities			
Creditors: amounts falling due within one year	13	**(568)**	(1,882)
		(568)	(1,882)
Net current assets		**42**	20
Total assets less current liabilities		**140**	135
Creditors: amounts falling due after more than one year	14	**(60)**	(64)
Provisions for liabilities	15	**(7)**	(7)
Defined benefit pension plan deficit	17	**(7)**	(7)
Net assets		**66**	57
Equity			
Called up share capital	18	**5**	5
Retained earnings		**61**	52
Shareholder's funds		**66**	57

The financial statements of Willis Group Services Limited, registered company number 1451456, were approved by the Board of Directors and authorised for issue on 13 June 2018 and signed on its behalf by:

R Goff
Director

WILLIS GROUP SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Called up share capital £m	Retained earnings £m	Total equity £m
Balance at 1 January 2016		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		-	(40)	**(40)**
Balance at 31 December 2016		**5**	**52**	**57**
Profit for the year		-	9	**9**
Other comprehensive income:				
Actuarial losses on unfunded defined benefit pension scheme	17	-	-	**-**
Total comprehensive income for the year		-	9	**9**
Balance at 31 December 2017		**5**	**61**	**66**

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; (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 consolidated financial statements 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 WTW 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 WTW 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 financial statements.

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 financial statements (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 WTW'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.

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:

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

WTW 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 2015. New employees are now offered the opportunity to join a defined contribution scheme.

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 WTW defined benefit pension plan. As there is no contractual agreement or stated policy for charging the net defined benefit pension expense between WTW 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 WTW'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.

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

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

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

During 2017 these derivative contracts were settled as part of the reorganisation of WTW's treasury function. As at 31 December 2017 the Company had no derivative financial instruments.

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 2017 and no amendments to IFRSs or International Accounting Standards ('IASs') issued or adopted by the IASB had a significant effect 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.

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 £46 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 2017 or 2016.

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.

	2017 £m	2016 £m
Management charge	**8**	9
Expenses recharged to other group companies	**245**	178
Income on assets leased to other group companies	**21**	20
Rental income	**12**	12
	286	219

4. Operating profit

	2017 £m	2016 £m
Operating profit is stated after charging/(crediting):		
Amortisation of intangible fixed assets (note 9):	**31**	13
Depreciation of property, plant and equipment (note 10):		
Owned	**17**	7
Operating lease payments:		
Minimum lease payments	19	19
Rental income	(12)	(12)
Total lease and sublease payments recognised in the income statement	7	7

During the year certain legacy systems and redundant IT data centres had their useful economic lives shortened. This resulted in an additional £24 million amortisation and depreciation charge in 2017.

Auditor's remuneration:	2017 £m	2016 £m
Audit fees	**1**	1

The Company bore the audit fees of other UK WTW companies in the current and preceding year. These were subsequently recharged to other WTW companies. Fees payable to the Company's auditor for the audit of the Company's annual financial statements pursuant to legislation were £65,000 in 2017 and £62,400 in 2016.

5. Employee costs

	2017 £m	2016 £m
Salaries and incentives	62	61
Social security costs	5	6
Other pension costs	5	4
	72	71

Number of employees – average for the period	2017 Number	2016 Number
Producer	1	4
Client services	72	65
Management/administration services	531	519
	604	588

One associate was contractually employed by the Company 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, incentives, social security payments and pension costs relating to such staff in order to meet its obligations to other WTW companies.

Cash bonuses

The Company has accrued £12 million for the 2017 cash bonuses to be paid in 2018 (2016: £11 million).

6. Directors' remuneration

The Directors of the Company are remunerated by other WTW 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

	2017 £m	2016 £m
(a) Tax charged in the income statement		
Current income tax:		
UK corporation tax	6	7
Adjustments in respect of prior periods	(2)	-
Total current income tax	4	7
Deferred tax:		
Origination and reversal of timing differences	(3)	(2)
Adjustments in respect of prior periods	2	-
Total deferred tax	(1)	(2)
Tax charge in the income statement (note 7(b))	3	5

7. Taxation (continued)

	2017 £m	2016 £m
(b) Reconciliation of total tax charge		
The tax assessed for the year is equal to (2016: higher than) the standard rate of corporation tax in the UK 19.25% (2016: 20%). The differences are explained below:		
Profit on ordinary activities before taxation	**12**	19
Tax calculated at UK standard rate of corporation tax of 19.25% (2016: 20%)	**3**	4
Effects of:		
Amounts not deductible for tax purposes	**-**	1
Total tax charge reported in the income statement (note 7(a))	**3**	5

(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 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 2017, they have been reflected in these financial statements.

(d) Deferred tax	2017 £m	2016 £m
Deferred tax asset		
Accelerated capital allowances	**6**	5
Other provisions	**1**	1
	7	6
Disclosed on the balance sheet		
Deferred tax asset (note 12)	**7**	6
	7	6

Deferred tax assets have been recognised to the extent they are regarded as more likely than not as recoverable either against the Company's own future profits or by way of group relief against those future profits of fellow UK WTW companies.

Deferred tax in the income statement	2017 £m	2016 £m
Accelerated capital allowances	**(1)**	(3)
Other provisions	**-**	1
	(1)	(2)

8. Dividends paid and proposed	2017 £m	2016 £m
Equity dividends on ordinary shares:		
First interim dividend paid 30 December 2016	-	40
	-	40

9. Intangible fixed assets	Software and development costs £m
Cost	
1 January 2017	131
Additions	17
Disposals	-
31 December 2017	**148**
Amortisation	
1 January 2017	71
Amortisation charge (i)	31
31 December 2017	**102**
Carrying amount 31 December 2017	**46**
Carrying amount 31 December 2016	60

The software and development costs are internally-generated.

(i) During the year certain legacy systems had their useful economic lives shortened. This resulted in an additional £16 million depreciation charge in 2017.

10. Property, plant and equipment	Long/short leasehold improvements £m	Furniture, fittings and equipment £m	Total £m
Cost			
1 January 2017	62	45	**107**
Additions	-	17	**17**
Transfer to other WTW companies (i)	(3)	-	**(3)**
Disposals	(2)	(5)	**(7)**
31 December 2017	**57**	**57**	**114**
Depreciation			
1 January 2017	23	29	**52**
Provision for the year (ii)	3	14	**17**
Disposals	(2)	(5)	**(7)**
31 December 2017	**24**	**38**	**62**
Carrying amount 31 December 2017	**33**	**19**	**52**
Carrying amount 31 December 2016	39	16	55

(i) An opening work in progess balance of £3m relating to a refurbishment project was transferred to a fellow WTW undertaking.

(ii) During the year certain redundant IT data centres had their useful economic lives shortened. This resulted in an additional £8 million depreciation charge in 2017.

11. Investments held as fixed assets

Direct subsidiary undertakings at 31 December 2017 were:

	Percentage of share capital held	Class of share	Country of incorporation
Holding Company			
Willis Corroon Nominees Limited	100%	Ordinary of £1 each	United Kingdom
Dormant Company			
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.

12. Debtors	2017 £m	2016 £m
Amounts falling due within one year:		
Amounts owed by group undertakings	**561**	1,564
Derivative financial instruments	**-**	1
Prepayments and accrued income	**14**	15
VAT	**7**	3
Other debtors	**3**	2
	585	1,585
Amounts falling due after more than one year:		
Amounts owed by group undertakings	**-**	286
Deferred tax asset (note 7)	**7**	6
Accrued rental income from subleases	**4**	5
	11	297
	596	1,882

Amounts falling due within one year

As a result of the reorganisation of WTW's treasury activities that took place in 2017 there has been a significant decrease in the amounts owed by and to group undertakings and the number of undertakings with which the Company has debtor and creditor relationships. The Company novated the majority of its creditor and debtor balances to WTW Global Treasury Company BV ('GTC') in exchange for a net payable to GTC. and the Company settled all of its foreign exchange contracts in the year.

Amounts falling due after more than one year

Included in amounts owed by group undertakings in 2016 were:

- an interest bearing loan of €167 million (£142 million) due from Willis Europe BV granted on 1 October 2014. The loan was 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 Acquistion plc granted on 21 December 2015. Interest was receivable half yearly at a rate of 1.8555%. The loan principal and any unpaid interest was repayable on 30 November 2020.

The loan due from Willis Europe B.V. was transferred to GTC in 2017 as part of the loan novation process in return for a consolidated loan with GTC due within one year.

The loan due from Trinity Acquisition plc was repaid during 2017 as part of the loan novation process.

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 WTW. 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	2017 £m	2016 £m
Amounts owed to group undertakings (i)	**504**	1,811
Amounts owed to group undertakings in respect of corporation taxation group relief	**1**	2
Income tax and social security	**13**	17
Incentives from lessors	**5**	5
Other creditors	**13**	9
Derivative financial instruments (i)	**-**	4
Accruals and deferred income	**32**	34
	568	1,882

(i) See note 12 for details of movements.

14. Creditors: amounts falling due after more than one year	2017 £m	2016 £m
Incentives from lessors	**60**	64
	60	64

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, £42 million falls due after more than five years from the balance sheet date (2016: £46 million).

15. Provisions for liabilities	Dilapidation provision £m	Long term disability provision £m	Total £m
1 January 2017			
Current	-	-	-
Non-current	4	3	7
	4	3	7
Charged to profit and loss account	-	-	-
31 December 2017	4	3	7
Analysed as:			
Current	-	-	-
Non-current	4	3	7
	4	3	7

15. Provisions for liabilities (continued)

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. WTW 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.

16. Commitments

The Company had contracted for but not provided for capital expenditure at 31 December 2017 of £1 million (2016: £3 million).

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

	Land and buildings			
	Lime Street	Other	Total	
	2017	2017	2017	2016
Lease expiry date	**£m**	**£m**	**£m**	£m
After five years	**18**	**6**	**24**	25
Total annual operating lease commitments	**18**	**6**	**24**	25

The Company provides WTW 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 WTW on Lime Street, London. The Company took control of the building in June 2007 and WTW's London based employees moved into the new building at the end of April 2008. As at 31 December 2017, the outstanding contractual obligation in relation to this commitment was £339 million (2016: £363 million).

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

	Land and buildings			
	Lime Street	Other	Total	
	2017	2017	2017	2016
Lease expiry date	**£m**	**£m**	**£m**	£m
After five years	**1**	**-**	**1**	1
Between 2 and 5 years	**4**	**4**	**8**	10
Total annual operating lease commitments	**5**	**4**	**9**	11

The Company has entered into sublease agreements for some of its excess leased space. At 31 December 2017, the outstanding contractural rental from subleases was £41 million (2016: £43 million).

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 2016 . The most recent actuarial valuation was reviewed and updated as at 31 December 2017 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 2017.

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 WTW 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 $557 million (£490 million) at 31 December 2017 compared with an overall surplus after tax of $389 million (£315 million) at 31 December 2016. The Company was charged at the rate of 14% of 'members" basic salaries in both 2017 and 2016 in respect of the cost of accruing pension benefits. In addition, the Scheme contributions were 10% in both 2017 and 2016 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 2017, 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 2017 by a qualified actuary.

The major assumptions used for the actuarial valuation were:

Unfunded Defined Pension Scheme	**2017** **%**	2016 %
Discount rate	**2.50**	2.50
Inflation assumption (RPI)	**3.10**	3.25
Inflation assumption (CPI)	**2.45**	2.20
Mortality [i]	**86%/86% PNA00 for males/females, CMI 2013, 1% long-term improvement**	**80%/98% PNA00 for males/females, CMI 2013, 1% long-term improvement**

Based on CPI inflation.

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

17. Pensions (continued)

At 31 December 2017, the Company recognised a deficit of £7 million on the balance sheet for the present value of Scheme liabilities (2016: deficit of £7 million). The Scheme has no assets. No deferred taxes have been recognised on the Scheme liabilities.

During the year ended 31 December 2017:

- no amounts were charged to operating profit (2016: £nil);
- £0.2 million (2016: £0.2 million) was charged to net finance charges reflecting the interest on pension scheme liabilities;
- there was a £0.3 million actuarial loss (2016 £2.0 million);
- contributions by the Company to the Scheme were £0.3 million (2016: £0.3 million); and
- benefits paid were £0.3 million (2016: £0.3 million)

The Company expects to contribute approximately £0.3 million to the Scheme in 2018.

The cumulative amount of actuarial loss is £2.0 million (2016: loss of £1.3 million).

Defined Contribution Scheme

The Company operates a defined contribution scheme for new entrants from 1 January 2006 for which the pension cost charge for the year amounted to £4 million (2016: £3 million).

18. Called up share capital	2017 £m	2016 £m
Allotted, called up and fully paid		
5,000,000 (2016: 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 were intercompany loans. These derivatives were not designated as hedging instruments and at 31 December 2016 were for a total notional amount of $610 million (£493 million).

Following the reorganisation of WTW's treasury activities during 2017 the Company settled all of its foreign exchange contracts and had no hedging instruments as at 31 December 2017.

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 WTW. 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 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 risk management, insurance and reinsurance broking services to clients in the UK and worldwide, and is regulated by the Financial Conduct Authority. 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 predominately 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 continued to take steps to identify and manage those areas in our supply chain where we believe slavery and human trafficking are a possibility. Our goal is to minimise the risk wherever possible, and to 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 our cross-function modern slavery working group continues to coordinate a group-wide approach to the matter.

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 2017 we again brought in a leading London law firm to provide this training to key personnel in our Procurement, Compliance, Vendor Management, Secretariat, Risk and Legal teams. The training focused on some practical case studies highlighting how modern slavery occurs, the offences under the Act, the reporting obligations for certain entities and general guidance on combating the risk of modern slavery and human trafficking.

We are working with our online training partner with the aim of rolling out appropriate training on modern slavery and ethical purchasing more widely across our whole organisation, in order to improve the level of understanding of the issues throughout the business.

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 continued 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 continue to standardise modern slavery and human trafficking requirements for our suppliers. To encourage compliance in our supply chain with our values, wherever possible we endeavour to include appropriate provisions dealing with the risk of modern slavery.

To accompany these investigations, we have reviewed our tender processes, and have formulated modern slavery enquiries to include within tender packs, as appropriate, sent to prospective suppliers. In particular, this year we have developed the procurement processes undertaken by our intra-group shared services providers to combat the risk of modern slavery and human trafficking in their own supply chains.

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.

MODERN SLAVERY ACT STATEMENT (continued)

Processes and guidance

We are reviewing the need to develop a Procurement Intranet site where more information on our processes and guidance to combat modern slavery would be more widely shared. This intranet site would include the modern slavery enquiries we send out to suppliers and prospective suppliers as part of a tender or contract renewal process.

We also have an existing Code of Conduct Reporting and Whistleblowing Guidance that colleagues may follow if they wish to raise concerns relating to modern slavery.

Future developments

We intend to review and develop our processes and guidance, training and supplier approach towards the prevention of modern slavery and human trafficking 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 2017, and has been sent to the Board for approval, as reflected by the Director's signature below.

R Goff

WILLIS GROUP SERVICES LIMITED

31 MAY 2018