

WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED
(Registered Number 2908053)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

Directors

MT Hvidsten - Chairman
AG Beatty (appointed 1 April 2007)
PL Davidson
IC Gale (appointed 1 April 2007)
NHE Millard
TRH Thomas

Secretary

SK Bryant

Registered Office

Ten Trinity Square
London EC3P 3AX

Auditors

Deloitte & Touche LLP
London

TUESDAY



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COMPANIES HOUSE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2007

Principal activities and review of developments

The principal business of the Company is that of acting as advisors and arrangers of certain types of investments and derivatives. The Company is actively seeking business in these areas. The Company is a subsidiary of Willis Group Holdings Limited (the Group), which is one of the world's leading professional service providers of risk management solutions, risk transfer expertise through insurance and reinsurance broking, and related specialised consultancy services.

There have been no significant changes in the Company's principal activities in 2007. 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.

Turnover has risen in 2007 to £421,251 (2006: £33,307) due to increased demand for the Company's product types.

The profit on ordinary activities after taxation amounted to £93,450 (2006: £29,459).

No interim dividend was paid in the year (2006: £nil). The Directors do not recommend the payment of a final dividend (2006: £nil).

The balance sheet on page 7 of the financial statements shows the Company's financial position at the year end.

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

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing turnover to its key competitors. The Company manages this risk by delivering value to clients, creating the most appropriate fee structure, enhancing the sales process and fully implementing a Client Advocacy programme.

The Company is subject to regulation by the Financial Services Authority. If it fails to comply with regulatory requirements, it may not be able to conduct its business. The Company manages this risk by internal control procedures. It also prepares quarterly and annual returns to the Financial Services Authority, which are monitored and reviewed.

The Company's turnover is derived from various currencies and it is therefore exposed to movements in exchange rates. The Group's treasury function takes out contracts to manage this risk at a group level.

The Company is financed by its own monies and has no third party debt. It therefore has no interest rate exposure.

Group risks, including those relating to this Company, are 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, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 10.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**Directors and their interests**

The current Directors of the Company are shown on page 1, which forms part of this report. GJ Millwater resigned as a Director on 31 March 2007. AG Beatty and IC Gale were both appointed as Directors of the Company on 1 April 2007. There were no other changes in Directors during the year or after the year end.

Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing their annual report and the financial statements in accordance with applicable law and regulations for each financial year. The Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each current Director of the Company confirms that

- so far as he is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term.

By order of the Board



S K Bryant
Secretary

31 March 2008
Ten Trinity Square
London EC3P 3AX

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED

We have audited the financial statements of Willis Structured Financial Solutions Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
31 March 2008

WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED**6****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
Turnover	2	421,251	33,307
Operating expenses		(324,232)	(14,623)
Operating profit		97,019	18,684
Finance income	6	36,481	23,400
Profit on ordinary activities before taxation		133,500	42,084
Tax charge on profit on ordinary activities	7	(40,050)	(12,625)
Profit on ordinary activities after taxation		93,450	29,459

All activities derive from continuing operations

RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

There are no recognised gains or losses in either 2007 or 2006 other than the profit for those years

WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED

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BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £	2006 £
Current assets			
Debtors amounts falling due within one year	8	519,684	405,440
Deposits and cash		161,114	154,483
		680,798	559,923
Current liabilities			
Creditors amounts falling due within one year	9	(40,050)	(12,625)
Total assets less current liabilities		640,748	547,298
Net assets		640,748	547,298
Capital and reserves			
Called up share capital	10	500,000	500,000
Profit and loss account	11	140,748	47,298
Equity shareholders' funds		640,748	547,298

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2008 and signed on its behalf by



M T Hvidsten
Director

WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED**8****MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 £	2006 £
<u>Movement in shareholders' funds</u>		
Profit on ordinary activities after taxation	93,450	29,459
Net movement in shareholders' funds for the year	93,450	29,459
Shareholders' funds at beginning of year	547,298	517,839
Shareholders' funds at end of year	640,748	547,298

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**1. Accounting policies****Basis of preparation**

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

The financial statements have been prepared,

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

Parent undertaking and controlling party

The Company's

- immediate parent company and controlling undertaking is Willis Faber Limited, and
- ultimate parent company is Willis Group Holdings Limited

The results of the Company are consolidated by Willis Group Holdings Limited, whose financial statements are available to members of the public from the Company Secretary, 51 Lime Street, London EC3M 7DQ

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Revenue recognition

Brokerage income and fees negotiated instead of brokerage are recognised at the later of policy inception date or when the policy placement is complete. Interest receivable is accounted for on an accruals basis.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Cash flow statement

Under FRS1 'Cash flow statements' the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a consolidated cash flow statement is prepared at Group level.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

2. Turnover

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

	2007 £	2006 £
Brokerage and fees		
North America	237,346	23,741
Rest of the world	183,905	9,566
	421,251	33,307

3. Operating profit

Auditors' remuneration of £7,800 (2006 £7,500) was borne by another Group company.

4. Employee costs

The Company employed no staff during the year (2006 none).

5. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2006 £nil).

	2007 £	2006 £
6 Finance income		
<i>Interest and investment income</i>		
Interest receivable on cash at bank	6,631	18,056
Interest receivable from Group undertakings	29,850	5,344
	36,481	23,400

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

	2007 £	2006 £
7. Tax charge on profit on ordinary activities		
<i>(a) Analysis of charge for the year</i>		
Current tax		
UK corporation tax on profit at 30% (2006 30%)	40,050	12,625
Current tax charge on profit on ordinary activities (note 7(b))	40,050	12,625
<i>(b) Factors affecting tax charge for the year</i>		
The tax assessed for the year is equal to the standard rate of corporation tax in the UK (30%), as shown below		
Profit on ordinary activities before tax	133,500	42,084
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	40,050	12,625
Current tax charge for the year (note 7(a))	40,050	12,625
<i>(c) Circumstances affecting current and future tax charges</i>		
Following the Finance Act 2007, the UK corporation tax rate is changing from 30% to 28% on 1 April 2008		
8. Debtors		
<i>Amounts falling due within one year:</i>		
Amounts owed by Group undertakings	494,431	405,440
Other debtors	25,253	-
	519,684	405,440
9 Creditors: amounts falling due within one year		
Corporation tax	40,050	12,625

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

10 Called up share capital	2007 Number	2006 Number
Authorised share capital		
Ordinary shares of £1 each	500,000	500,000
Allotted, issued and fully paid	2007 £	2006 £
500,000 (2006 500,000) ordinary shares of £1 each	500,000	500,000

11. Reserves and shareholders' capital	Share capital £	Profit and loss account £	Total £
1 January 2007	500,000	47,298	547,298
Profit on ordinary activities after taxation	-	93,450	93,450
31 December 2007	500,000	140,748	640,748

12. Related party transactions

FRS8 (paragraph 3(c)) exempts the reporting of transactions between Group companies in the financial statements of companies 90% or more of whose voting rights are controlled within the Group. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.