

WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED

(Registered Number 2908053)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Directors

MJ Bakker (appointed 18 February 2010)

AG Beatty

PL Davidson

N Sedgwick

R Godfrey

Secretary

S Lewis (appointed 8 September 2010)

Registered Office

51 Lime Street

London EC3M 7DQ

Auditors

Deloitte LLP

London

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2010

Principal activities and review of developments

The Company acts as an advisor on merger and acquisition (M&A) and other corporate finance transactions, as well as from time to time as an arranger of certain types of investments and derivatives, and is a subsidiary of Willis Group Holdings plc ('the Group'). The Group is one of the world's leading professional service providers of risk management solutions, risk transfer expertise through insurance and reinsurance broking, and related specialised consultancy services

During 2010 the Company significantly increased its focus on M&A advisory mandates, resulting in higher revenues for the year. This focus will be maintained in the Company's activities in the next year.

Results

Turnover rose in 2010 to £1.9 million (2009: £94,000). The Company's products are low-volume and can be non-recurring in nature and hence it is expected that turnover may fluctuate from year to year.

The profit on ordinary activities after taxation amounted to £439,000 (2009: £15,000). The increase in the Company's profit in 2010 is the result of winning significant new business.

The Directors do not anticipate any changes in the Company's position for the foreseeable future.

Dividends

No interim dividend was paid during the year (2009: £nil). The Directors do not recommend the payment of a final dividend (2009: £nil).

The balance sheet on page 7 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £439,000 largely due to an increase in trade debtors of £1.6 million offset by a net increase in intercompany creditors of £1.3 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.

Principal risks and uncertainties

Competitive pressure is a continuing reality for the Company, which from time to time may result in it not winning advisory mandates from its clients. This may result in difficult to predict and volatile revenues for the Company. The Company manages this risk by actively soliciting advisory mandates, delivering value to clients in its advisory work, and creating appropriate contractual fee structures.

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 with 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 Euros and US dollars as well as Sterling 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 third party interest rate exposure.

The Company is also exposed to additional risks by virtue of being part of the wider Group. These risks have been discussed in the Group's financial statements which do not form part of this report.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)**Environment**

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities

Employees

The Company employed no staff during the year (2009 none)

Directors

The current Directors of the Company are shown on page 1 which forms part of this report MJ Bakker was appointed as Director of the Company on 18 February 2010 Ian Gale retired from the Willis Group on 31 March 2011, and resigned as a Director of the Company with effect from that date 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 judgments 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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

Disclosure of information to auditors

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 auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information 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 s418 of the Companies Act 2006

Auditors

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

By Order of the Board



M Bakker
Director
51 Lime Street
London EC3M 7DQ

21 April 2011

INDEPENDENT AUDITOR'S 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 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movement in Shareholders' Funds and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

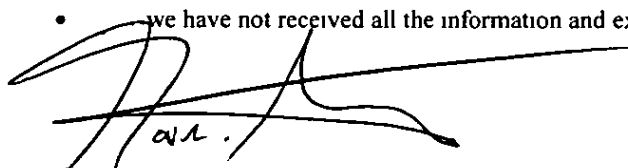
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Mark McIlquham (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

26 April 2011

WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED**6****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £000	2009 £000
Turnover	2	1,852	94
Operating expenses		(1,247)	(81)
Operating profit	3	605	13
Interest receivable from Group undertaking		5	8
Profit on ordinary activities before taxation		610	21
Tax charge on profit on ordinary activities	6	(171)	(6)
Profit on ordinary activities after taxation		439	15

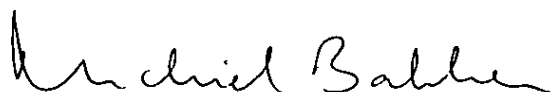
All activities derive from continuing operations. Turnover and operating expenses have risen during the year as a result of new business activity.

There are no recognised gains or losses in either 2010 or 2009 other than the profit for those years.

WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED**7****BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £000	2009 £000
Current assets			
Debtors amounts falling due within one year	7	1,607	982
Deposits and cash		165	15
		<u>1,772</u>	<u>997</u>
Current liabilities			
Creditors amounts falling due within one year	8	(342)	(6)
Total assets less current liabilities		<u>1,430</u>	<u>991</u>
Net assets		<u>1,430</u>	<u>991</u>
Capital and reserves			
Called up share capital	9	500	500
Profit and loss account	10	930	491
Shareholders' funds		<u>1,430</u>	<u>991</u>

The financial statements of Willis Structured Financial Solutions Limited, registered company number 2908053, were approved by the Board of Directors and authorised for issue on 21 April 2011 and signed on its behalf by



Director

WILLIS STRUCTURED FINANCIAL SOLUTIONS LIMITED**8****MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
Movement in shareholders' funds	£000	£000
Profit on ordinary activities after taxation	439	15
Net movement in shareholders' funds for the year	439	15
Shareholders' funds at beginning of year	991	976
Shareholders' funds at end of year	1,430	991

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**1 Accounting policies****Basis of preparation**

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

The financial statements have been prepared

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

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

Parent undertaking and controlling party

The Company's

- immediate parent company and controlling undertaking is Willis Faber Limited, and
- ultimate parent company is Willis Group Holdings plc, a company incorporated in Ireland

The largest and smallest group in which the results of the Company are consolidated is Willis Group Holdings plc, whose financial statements are available to members of the public from the Company Secretary, 51 Lime Street, London EC3M 7DQ.

Revenue recognition

Brokerage income and fees are recognised at the later of policy, contract or security inception date or when the policy, contract or security placement is complete. Fees for advisory assignments are recognised as they are billed.

Finance income / charges

Interest receivable and interest payable are accounted for on an accruals basis.

Foreign currency translation

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

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

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

1. Accounting policies (continued)**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 the Company is a 90 per cent or more owned subsidiary undertaking and the consolidated cash flow statement that is prepared at Group level is publicly available

2. Turnover

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

Brokerage and fees	2010 £000	2009 £000
United Kingdom	241	-
North America	-	38
Rest of the world	1,611	56
	1,852	94

Turnover has risen during the year as a result of new business activity

3. Operating profit	2010 £000	2009 £000
Operating profit is stated after charging		
Currency translation adjustments	7	5
Auditors' remuneration of £7,800 (2009 £7,800) was borne by another Group company		

4. Employee costs

The Company employed no staff during the year (2009 none)

5. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2009 £nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

	2010 £000	2009 £000
6. Tax on profit on ordinary activities		
<i>(a) Analysis of charge for the year</i>		
Current tax:		
UK corporation tax on profit at 28% (2009 28%)	171	6
Total current tax (note 6(b))	171	6
<i>(b) Factors affecting current tax for the year</i>		
The tax assessed for the year is equal to (2009 equal to) the standard rate of corporation tax in the UK (28%) (2009 28%), as shown below		
Profit on ordinary activities before taxation	610	21
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	171	6
Total current tax charge for the year (note 6(a))	171	6
<i>(c) Circumstances affecting current and future tax charges</i>		
The Government announced in June 2010 that it intended to reduce the rate of UK corporation tax from 28% to 24% over four years. Consequently the Finance Act 2010, which was substantively enacted in July 2010, included provisions to reduce the rate of UK corporation tax to 27% with effect from 1 April 2011.		
On 23 March 2011, the Government announced that it intends to further reduce the rate of UK corporation tax to 26% with effect from 1 April 2011 and then by 1% per annum to 23% by 1 April 2014. As this legislation was not substantively enacted by 31 December 2010, the impact of these further anticipated rate changes is not reflected in the tax provisions reported in these accounts.		

	2010 £000	2009 £000
7. Debtors		
<i>Amounts falling due within one year</i>		
Trade debtors	1,607	-
Amounts owed by Group undertaking	-	982
	1,607	982

Trade debtors in 2010 include invoices raised as a result of new business in the year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

	2010 £000	2009 £000
8. Creditors: amounts falling due within one year		
Other creditors	9	-
Amounts owed to Group undertaking	162	-
Amounts owed to Group undertaking in respect of group relief	171	6
	<u>342</u>	<u>6</u>

	2010 Number (thousand)	2009 Number (thousand)
9. Called up share capital		
Authorised share capital		
Ordinary shares of £1 each	<u>500</u>	<u>500</u>
	<u>2010 £000</u>	<u>2009 £000</u>
Allotted, called up and fully paid		
500,000 (2009 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>

	Share capital £000	Profit and loss account £000	Total £000
10 Reserves and shareholders' funds			
1 January 2010	500	491	991
Profit on ordinary activities after taxation	-	439	439
31 December 2010	<u>500</u>	<u>930</u>	<u>1,430</u>

11. Related party transactions

FRS8 (paragraph 3(c)) exempts the reporting of transactions between group companies in the financial statements of companies that are wholly owned within the group. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.