

# **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

Registered Number 2908053

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

### **Directors**

N Sedgwick  
C Powell  
BD Shea (appointed 22 December 2015)  
PJ Carter (appointed 14 March 2016)  
AJ Melia (appointed 14 March 2016)  
RM Walkiewicz (appointed 21 March 2016)

### **Secretary**

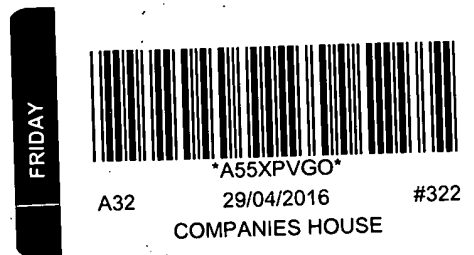
AC Peel

### **Registered Office**

51 Lime Street  
London, EC3M 7DQ

### **Auditor**

Deloitte LLP  
London



**WILLIS CAPITAL MARKETS & ADVISORY LIMITED**  
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## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **Company activities and review of developments**

The Company is regulated by the Financial Conduct Authority ("FCA") and acts as an advisor on mergers and acquisitions and other corporate finance transactions, as well as from time to time as an arranger of certain types of investments and derivatives. The Company is a subsidiary of Willis Towers Watson plc (formerly Willis Group Holdings plc). Willis Towers Watson plc, together with its subsidiaries ("the Group") is one of the world's leading professional service providers of risk management, insurance broking, consulting, technology and solutions and private exchange services.

There have been no significant changes in the Company's principal activities in 2015. 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 loss on ordinary activities after taxation amounted to £1,185,000 (2014: loss of £1,115,000) as shown in the profit and loss account on page 9. The increase in loss is attributable to:

- £751,000 net increase in other expenses, including foreign exchange gains;
- £12,000 decrease in interest receivable from Group undertakings; and
- £10,000 decrease in corporation tax credit,

partly offset by:

- £703,000 increase in fee income.

#### *Balance sheet*

The balance sheet on page 10 of the financial statements shows the Company's financial position at the year end. Net assets have decreased by £1,185,000 as a result of:

- £782,000 net decrease in amounts due from Group undertakings, including in respect of UK corporation tax group relief;
- £587,000 increase in deferred revenue and expenses; and
- £4,000 increase in other creditors,

partly offset by:

- £174,000 increase in amounts due from trade debtors;
- £13,000 increase in net VAT payable and receivable position; and
- £1,000 increase in cash.

The Group manages its operations on a divisional basis. For this reason, the Company's Directors believe that aggregated key performance indicators for the Company are not meaningful 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 regulated in the UK by the FCA and has appropriate FCA permissions to carry on its current activities. If the Company fails to comply with regulatory requirements, it may also not be able to conduct its business. The Company manages this risk with internal control procedures. It also prepares various returns throughout the year for submission to the regulator, which are monitored and reviewed.

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

## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **Principal risks and uncertainties (continued)**

##### *FCA Pillar III Disclosures*

Information detailing FCA Pillar III Regulatory Disclosure is available on application to the Company's registered address.

The Company earns its fees in various currencies other than pounds sterling, its functional currency, and is therefore exposed to the movement in exchange rates. The Group's treasury function manages 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.

#### **Environment**

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

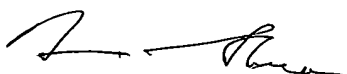
#### **Employees**

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 18.

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

Communication with employees concerning the objectives and performance of the Group is conducted through staff briefings and regular meetings, complemented by employee publications and video presentations. Feedback is continually sought from staff on a variety of business, management and human resources issues. These communication tools provide employees with the opportunity to contribute to the everyday running of the business and to support the achievement of the Group's vision and business strategy.

By Order of the Board



**B SHEA**  
Director  
51 Lime Street  
London EC3M 7DQ  
25.04.2016

## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2015.

#### *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 2015, along with the principal risks faced in achieving its future objectives.

#### *Going concern*

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 12.

#### *Dividends*

No interim dividend was paid in the year (2014: £nil). The Directors do not recommend the payment of a final dividend (2014: £nil).

#### *Events after the balance sheet date*

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.

The Company is not directly affected by this merger.

On 24 February 2016, the sole shareholder and parent of the Company (the "parent") agreed to the allotment of 1,500,000 ordinary shares of £1 each. In return for a capital injection from the Parent the Board have issued to the Parent 1,500,000 ordinary £1 shares, which will be deemed to have been issued at par and fully paid up.

#### *Employees*

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

#### **Directors**

The current Directors of the Company are shown on page 1, which forms part of this report. MJ Bakker and R Heading resigned as Directors of the Company on 31 March 2015 and 13 March 2016 respectively. BD Shea, PJ Carter, AJ Melia and RM Walkiewicz were appointed with effect from 22 December 2015, 14 March 2016, 14 March 2016 and 21 March 2016 respectively. There were no other changes in Directors during the year or after the year end.

## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **Statement of Directors' responsibilities in relation to the financial statements**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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



**BSHEA**  
Director  
51 Lime Street  
London EC3M 7DQ  
25.04.2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

We have audited the financial statements of Willis Capital Markets & Advisory Limited for the year ended 31 December 2015 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

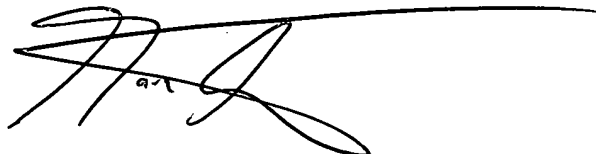
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS CAPITAL MARKETS & ADVISORY LIMITED (continued)**

**Matters on which we are required to report by exception**

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

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

A handwritten signature in dark ink, appearing to be 'Mark McIlquham', written over a horizontal line.

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

25.04.2016



**WILLIS CAPITAL MARKETS & ADVISORY LIMITED**  
**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £000	2014 £000
Turnover	3	1,229	526
Operating expenses		(2,714)	(1,969)
Operating (expense)/income – foreign exchange (loss)/gain		(2)	4
<b>Operating loss</b>	4	<b>(1,487)</b>	<b>(1,439)</b>
Interest receivable from Group undertakings		7	19
<b>Loss on ordinary activities before taxation</b>		<b>(1,480)</b>	<b>(1,420)</b>
Tax credit on loss on ordinary activities	7	295	305
<b>Loss for the year</b>		<b>(1,185)</b>	<b>(1,115)</b>

All activities derive from continuing operations.

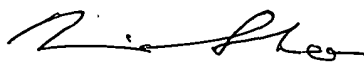
There is no other comprehensive income in either 2015 or 2014 other than the loss for those years.

# WILLIS CAPITAL MARKETS & ADVISORY LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2015

	Notes	2015 £000	2014 £000
<b>Current assets</b>			
Debtors:			
Amounts falling due within one year	8	1,534	2,170
Deposits and cash		321	320
		<u>1,855</u>	<u>2,490</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(1,016)	(466)
<b>Total assets less current liabilities</b>		<u>839</u>	<u>2,024</u>
<b>Net assets</b>		<u>839</u>	<u>2,024</u>
<b>Equity</b>			
Called up share capital	10	500	500
Retained earnings		339	1,524
<b>Shareholder's equity</b>		<u>839</u>	<u>2,024</u>

The financial statements of Willis Capital Markets & Advisory Limited, registered company number 2908053, were approved by the Board of Directors and authorised for issue on 25 APRIL 2016 and signed on its behalf by:

  
 BSHEA  
 Director

**WILLIS CAPITAL MARKETS & ADVISORY LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Called up share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
Balance at 1 January 2014	500	2,639	3,139
Effect of transition to FRS 101	-	-	-
Balance at 1 January 2014	500	2,639	3,139
<b>Total comprehensive income for the year</b>			
Loss for the year	-	(1,115)	(1,115)
<b>Balance at 31 December 2014</b>	<b>500</b>	<b>1,524</b>	<b>2,024</b>
<b>Total comprehensive income for the year</b>			
Loss for the year	-	(1,185)	(1,185)
<b>Balance at 31 December 2015</b>	<b>500</b>	<b>339</b>	<b>839</b>

# **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

### **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) share-based payments; (ii) financial instruments; (iii) presentation of a cash flow statement; and (iv) related party transactions as, where required, equivalent disclosures are given in the group accounts of Willis Towers Watson plc (formerly Willis Group Holdings 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 deposits its excess own cash funds with the Group's centralised treasury function and so shares banking arrangements with its parent and fellow subsidiaries.

In accordance with their duties set out in the Financial Services and Markets Act and the FCA's 'Threshold Condition 2.4 - Appropriate Resources' the Directors have conducted enquiries into the nature and quality of the assets, liabilities, and cash that make up the Company's capital. Furthermore the Directors' enquiries extend to the Company's relationship with the Group and external parties on a financial and non-financial level. Having assessed the responses to their enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Group to continue as a going concern or its ability to repay loans due to the Company from time to time.

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

#### **True and fair view override**

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

## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **1. Accounting policies (continued)**

##### **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 (formerly Willis Group Holdings plc), a company incorporated in 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 (formerly 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**

Fees for advisory assignments are recognised as the services are provided. Fees that are contingent upon completion of an underlying transaction are recognised at the effective date of the transaction.

Revenue is stated net of VAT where applicable.

##### **Finance income**

Interest receivable is 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.

##### **Pension costs**

The Group has a defined benefit pension scheme and a defined contribution pension scheme. The defined benefit scheme was closed to new entrants in January 2006. New employees are now offered the opportunity to join the defined contribution scheme.

##### *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 profit and loss account 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.

## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **1. Accounting policies (continued)**

##### ***Share-based payments***

The Company's ultimate parent company, Willis Towers Watson plc (formerly Willis Group Holdings plc), issues equity-settled share-based payments to certain employees of the Company under which the Company receives services from employees as consideration for these awards. The awards are granted by Willis Towers Watson plc (formerly Willis Group Holdings plc) and the Company has no obligation to settle the awards.

The fair value of the employee service received in exchange for the grant of the awards is recognised as an expense. A credit is recognised directly in equity. The equity-settled share-based payments are measured at fair value at the date of grant and are expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is typically measured by use of the Black-Scholes pricing model. The expected life of options granted used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

##### **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.

##### **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).

The Company classifies its financial assets and financial liabilities as loans, receivables or payables (including amounts owed by / to group undertakings). 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.

Loans, receivable 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.

## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **1. Accounting policies (continued)**

##### **Recent Accounting Pronouncements to be adopted in Future Periods**

In July 2015, the Financial Reporting Council ('FRC') issued amendments to FRS 101 as part of its 2014-2015 Cycle and other minor amendments. Each amendment not already effective for the Company's 2015 accounting year will be mandatorily effective for the Company's 2016, 2017 or 2018 accounting year. The changes include:

Standards and amendments issued by the IASB but not endorsed by the EU

- In May 2014, the International Accounting Standards Board ('IASB') issued International Financial Reporting Standard ('IFRS') 15, 'Revenue From Contracts With Customers'. The new standard supersedes most current revenue recognition guidance. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The IFRS also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and changes in judgements and assets recognised from costs incurred to fulfil a contract. The IFRS was originally scheduled to become effective for the Company at the beginning of its 2017 accounting year; early adoption was not initially permitted. However, in September 2015, the FASB issued an amendment to IFRS 15 deferring the effective date but permitting early adoption at the original effective date. Consequently, subject to EU endorsement, the standard will now become mandatorily effective for the Company at the beginning of its 2018 accounting year. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. The Company is currently assessing the impact that this standard will have on its financial statements. The FRC intends to revisit whether any disclosure exemptions are appropriate in FRS 101 as part of its 2015/16 Cycle.
- In July 2014, the IASB issued IFRS 9 'Financial Instruments', which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application, with no requirement to restate comparative periods. Hedge accounting is generally applied prospectively from that date. Subject to EU endorsement, the guidance will become mandatorily effective for the Company at the beginning of its 2018 accounting year. The Company is currently assessing the impact that this standard will have on its financial statements.

## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **1. Accounting policies (continued)**

##### **Recent Accounting Pronouncements to be adopted in Future Periods (continued)**

In January 2016, the IASB issued IFRS 16 'Leases' which supersedes IAS 17 'Leases'. The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, measuring the right-of-use asset similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments and payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The lessee requirements are applied retrospectively, either to each prior reporting period presented or with the cumulative effect of initial application recognised at the date of initial application with no restatement of comparative information. A lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. A lessor is not required to make any adjustments on transition for leases in which it is a lessor and accounts for those leases applying the new standard from the date of initial application. Subject to EU endorsement, the guidance will become mandatorily effective for the Company at the beginning of its 2019 accounting year.

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#### **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 uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **2. Critical accounting judgements and estimates (continued)**

##### *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 8 for the carrying amount of loans and receivables. No impairment loss was recognised in 2015 or 2014.

#### **3. Turnover**

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

<b>Fees</b>	<b>2015 £000</b>	<b>2014 £000</b>
United Kingdom	686	402
North America	217	-
Rest of the world	326	124
	<u>1,229</u>	<u>526</u>

No further segmental analysis has been provided as the Directors of the Company are of the opinion that the loss before taxation and the net assets of the business cannot be allocated between geographical areas on a meaningful basis. In addition no further analysis of turnover between external and associated clients has been provided as the Directors of the Company are of the opinion that such analysis would not be meaningful.

<b>4. Operating loss</b>	<b>2015 £000</b>	<b>2014 £000</b>
Operating loss is stated after charging/(crediting):		
Current service cost of pension schemes:		
- defined contribution scheme	<u>67</u>	<u>58</u>
Net foreign currency exchange differences	<u>2</u>	<u>(4)</u>

The foreign exchange loss of £2,000 (2014: gain of £4,000) shown in the income statement is mainly attributable to the fluctuation in the value of US dollars, Australian dollars and the Euro to pound sterling during the year in relation to intercompany assets and liabilities.

Auditor's remuneration of £7,800 (2014: £7,800) was borne by another Group company.

# WILLIS CAPITAL MARKETS & ADVISORY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

	2015 £000	2014 £000
<b>5. Employee costs</b>		
Salaries and incentives	1,522	1,060
Social security costs	181	137
Pension costs:		
- defined contribution scheme	67	58
Gross employee costs	1,770	1,255
Amounts borne by fellow subsidiary undertakings	(152)	-
<b>Net employee costs</b>	<b>1,618</b>	<b>1,255</b>

	2015 Number	2014 Number
<b>Number of employees – average for the period</b>		
Producer	7	8
Management/administration services	1	1
	<b>8</b>	<b>9</b>

The staff working for the Company are contractually employed by other subsidiary undertakings of Willis Towers Watson plc (formerly Willis Group Holdings plc). The Company bears the cost of the salaries, social security and pension costs relating to such staff.

	2015 £000	2014 £000
<b>6. Directors' remuneration</b>		
Emoluments, (excluding pension contributions, benefits and long-term incentive awards)	127	554
Pension contributions	5	9
Amounts receivable under long-term incentive awards	-	53
	<b>132</b>	<b>616</b>
<b>Highest paid Director:</b>		
Emoluments, (excluding pension contributions, benefits and long-term incentive awards)	115	554
Pension contributions	5	9
	<b>120</b>	<b>563</b>

	2015 Number	2014 Number
Directors exercising share options	1	-
Directors receiving shares under long-term incentive plans	-	1

The Directors working for the Company are employed by other subsidiary undertakings of Willis Towers Watson plc (formerly Willis Group Holdings plc).

The remuneration for 2015 represents the costs of two Directors (2014: one Director), and excludes the costs of share based payment schemes which are borne in other Group companies. The remaining Directors are remunerated by other Group companies with no part of their remuneration allocated to the Company. As such no disclosure of their remuneration has been made.

# WILLIS CAPITAL MARKETS & ADVISORY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

	2015 £000	2014 £000
<b>7. Tax on loss on ordinary activities</b>		
<i>(a) Analysis of credit for the year</i>		
Current tax:		
UK corporation tax	(288)	(297)
Adjustments in respect of prior periods	(7)	(8)
Tax credit in the income statement (note 7 (b))	(295)	(305)

	2015 £000	2014 £000
<i>(b) Reconciliation of the total tax credit</i>		
The tax assessed for the year is lower than (2014: equal to) the standard rate of corporation tax in the UK 20.25% (2014: 21.5%). The differences are explained below:		
Loss on ordinary activities before taxation	(1,480)	(1,420)
Tax calculated at UK standard rate of corporation tax of 20.25% (2014: 21.5%)	(300)	(305)
Effects of:		
Amounts not deductible for tax purposes	12	8
Tax overprovided in previous years	(7)	(8)
Total tax credit reported in the income statement	(295)	(305)

### *(c) Change in Corporation tax rate*

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

	2015 £000	2014 £000
<b>8. Debtors</b>		
<i>Amounts falling due within one year:</i>		
Trade debtors	250	76
Amounts due from Group undertakings	981	1,785
Prepayments and accrued income	12	12
Amounts due from Group undertakings in respect of UK corporation tax	288	297
VAT	3	-
	<u>1,534</u>	<u>2,170</u>

Trade debtors are presented net of bad debts.

## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

	2015	2014
<b>9. Creditors: amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>
Amounts owed to Group undertakings	5	36
Other creditors	7	3
VAT payable	-	10
Accruals and deferred income	1,004	417
	<u>1,016</u>	<u>466</u>

	2015	2014
<b>10. Called up share capital</b>	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
500,000 (2014: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>

#### **11. Pensions**

##### *Defined Contribution Scheme*

The Company has operated a defined contribution scheme for which the pension cost charge for the year amounted to £67,000 (2014: £58,000).

#### **12. Related party transactions**

FRS101 (paragraph 8(k)) exempts the reporting of transactions between Group companies in the financial statements of companies that are wholly owned within the Group. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.

#### **13. Share-based payments**

##### *Share-based Plans*

On 31 December 2015, Willis Towers Watson plc (formerly Willis Group Holdings plc), the ultimate parent company of Willis Capital Markets & Advisory Limited, had a number of open share-based compensation plans, which provide for the grant of time-based and performance-based options, restricted stock units and various other share based grants to employees of Willis Capital Markets & Advisory Limited. The objectives of these plans include attracting and retaining the best personnel, motivating management personnel by means of growth related incentives to achieve long-range goals and providing employees with the opportunity to increase their share ownership in Willis Towers Watson plc (formerly Willis Group Holdings plc).

The Company recognised total operating expense in 2015 of £nil (2014: £nil) related to equity-settled share-based payment transactions.

## **WILLIS CAPITAL MARKETS & ADVISORY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **14. Events after the balance sheet date**

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.

The company is not directly affected by this merger.

On 24 February 2016 the sole shareholder and Parent of the Company (the "Parent") agreed to the allotment of 1,500,000 ordinary shares of £1 each. In return for a capital injection from the Parent the Board have issued to the Parent 1,500,000 ordinary £1 shares, which will be deemed to have been issued at par and fully paid up.

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#### **15. Explanation of transition to FRS 101**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

Management has reviewed the effect on the Company's financial position and financial performance and concluded that no adjustments to the financial statements, previously prepared in accordance with its old basis of accounting (old UK GAAP), were needed.

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