

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

Registered Number 2908053

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Directors

N Sedgwick
RA Heading
C Powell (appointed 28 October 2014)

Secretary

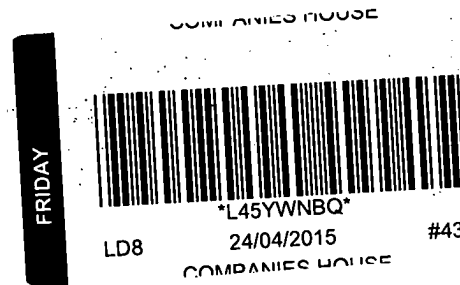
AC Peel

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 2014

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 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.

There have been no significant changes in the Company's principal activities in 2014. 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 £1,115,000 (2013: loss of £451,000) as shown in the profit and loss account on page 9. The increase in loss is attributable to:

- £1,342,000 decrease in fee income;
- £44,000 net increase in other expenses, including foreign exchange gain; and
- £2,000 decrease in interest receivable from Group undertakings.

partly offset by:

- £546,000 decrease in salary and benefits expense; and
- £178,000 increase in corporation tax credit.

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 £1,115,000 as a result of:

- £1,659,000 net decrease in amounts due from Group undertakings;
- £209,000 decrease in the amounts due from trade debtors;
- £12,000 increase in net VAT payable and receivable position; and
- £3,000 increase in other creditors.

offset by:

- £570,000 reduction in deferred revenue and expenses;
- £173,000 increase in amounts owed by Group undertakings in respect of UK corporation tax group relief;
- £20,000 increase in cash; and
- £5,000 increase in prepayments and accrued income.

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.

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

Principal risks and uncertainties (continued)

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 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.

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 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.

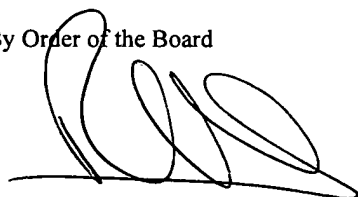
Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 15.

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



RA Heading
Director
51 Lime Street
London EC3M 7DQ

24 April

2015

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2014.

Strategic report

The Directors have approved the content of the Company's strategic report prepared in accordance with S414C(11) of the Companies Act. The report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2014, 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 (2013: £nil). The Directors do not recommend the payment of a final dividend (2013: £nil).

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. PL Davidson and MJ Bakker resigned as Directors of the Company on 25 September 2014 and 31 March 2015 respectively. C Powell was appointed with effect from 28 October 2014. There were no other changes in Directors during the year or after the year end.

Statement of Directors' responsibilities in relation to the financial statements

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

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

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

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.

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

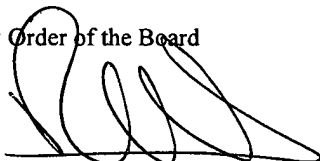
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's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



RA Heading
Director
51 Lime Street
London EC3M 7DQ

24 April

2015

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 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholder's Funds and the related notes 1 to 12. 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. 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 2014 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

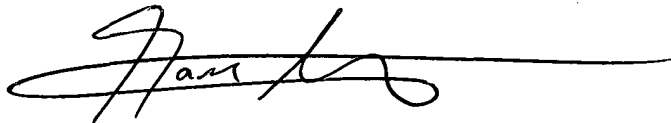
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



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

24 April

2015

WILLIS CAPITAL MARKETS & ADVISORY LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £000	2013 £000
Turnover	2	526	1,868
Operating expenses		(1,969)	(2,486)
Operating income – foreign exchange gain		4	19
Operating loss	3	(1,439)	(599)
Interest receivable from Group undertakings		19	21
Loss on ordinary activities before taxation		(1,420)	(578)
Tax credit on loss on ordinary activities	6	305	127
Loss on ordinary activities after taxation		(1,115)	(451)

All activities derive from continuing operations.

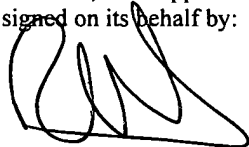
There are no recognised gains or losses in either 2014 or 2013 other than the loss for those years.

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 £000	2013 £000
Current assets			
Debtors: amounts falling due within one year	7	2,170	3,826
Deposits and cash		320	300
		2,490	4,126
Current liabilities			
Creditors: amounts falling due within one year	8	(466)	(987)
Total assets less current liabilities		2,024	3,139
Net assets		2,024	3,139
Capital and reserves			
Called up share capital	9	500	500
Profit and loss account	10	1,524	2,639
Shareholder's funds		2,024	3,139

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 24 April 2015 and signed on its behalf by:



RA Heading
Director

WILLIS CAPITAL MARKETS & ADVISORY LIMITED**MOVEMENT IN SHAREHOLDER'S FUNDS FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	2013
Movement in shareholder's funds	£000	£000
Loss on ordinary activities after taxation	(1,115)	(451)
Net movement in shareholder's funds for the year	(1,115)	(451)
Shareholder's funds at beginning of year	3,139	3,590
Shareholder's funds at the end of the year	2,024	3,139

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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 Willis 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.

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

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 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.

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

1. Accounting policies (continued)

Pension costs

Staff working for the Company are offered the opportunity to join the Group's 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.

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.

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 percent 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 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. Fees are attributable to continuing operations.

Fees	2014 £000	2013 £000
United Kingdom	402	1,853
Rest of the world	124	15
	526	1,868

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

	2014	2013
3. Operating loss	£000	£000

Operating loss is stated after (crediting) / charging:

Currency translation adjustments	(4)	(19)
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Provision for a long-term incentive plan in respect to grants made in 2012	-	72
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The foreign exchange gain of £4,000 (2013: £19,000) shown in the profit and loss account is mainly attributable to the fluctuation in the value of pound sterling and the Euro to the US dollar during the year in relation to intercompany assets and liabilities.

Provision for long term incentive plan:

The costs relating to a long-term incentive plan commencing in 2012 were borne by another group undertaking in 2012 and have subsequently been recharged to the Company during 2013.

Auditor's remuneration:

Auditor's remuneration of £7,800 (2013: £7,800) was borne by another Group company.

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

	2014 £000	2013 £000
4. Employee costs		
Salaries and incentives	1,060	1,561
Social security costs	137	186
Other pension costs	58	54
	<u>1,255</u>	<u>1,801</u>

	2014 Number	2013 Number
Number of employees – average for the period		
Producer	8	7
Management/administration services	1	1
	<u>9</u>	<u>8</u>

The staff working for the Company are contractually employed by other subsidiary undertakings of Willis Group Holdings plc. The Company bears the cost of the salaries, social security payments and pension contributions relating to such staff.

	2014 £000	2013 £000
5. Directors' remuneration		
Emoluments, (excluding pension contributions, benefits and long-term incentive awards)	607	661
Benefits	-	-
Pension contributions	9	8
	<u>616</u>	<u>669</u>

Highest paid Director:		
Emoluments, (excluding pension contributions, benefits and long-term incentive awards)	607	661
Pension contributions	9	8
	<u>616</u>	<u>669</u>

	2014 Number	2013 Number
Directors exercising share options	-	-
Directors receiving shares under long-term incentive plans	1	1
Directors eligible for defined benefit pension schemes	-	-

The Directors working for the Company are employed by other subsidiary undertakings of Willis Group Holdings plc.

The remuneration for both 2014 and 2013 represents the costs of one Director. 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 2014 (continued)

	2014 £000	2013 £000
6. Tax on loss on ordinary activities		
<i>(a) Analysis of credit for the year</i>		
Current tax:		
UK corporation tax on loss at 21.5% (2013: 23.25%)	(297)	(127)
Adjustments in respect of prior periods	(8)	-
Total current tax (note 6(b))	(305)	(127)
Tax on loss on ordinary activities	(305)	(127)

	2014 £000	2013 £000
<i>(b) Factors affecting current tax for the year</i>		
The tax assessed for the year is equal to (2013: lower than) the standard rate of corporation tax in the UK (21.5%) (2013: 23.25%). The differences are explained below:		
Loss on ordinary activities before taxation	(1,420)	(578)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(305)	(134)
Effects of:		
Amounts not deductible for tax purposes	8	7
Adjustment in respect of prior periods	(8)	-
Total current tax charge for the year (note 6(a))	(305)	(127)

(c) Circumstances affecting current and future tax charges

The Finance Act 2013, which was substantively enacted on 2 July 2013, included provisions to reduce the rate of UK corporation tax to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. As the changes were substantively enacted prior to 31 December 2014, they have been reflected in these financial statements.

	2014 £000	2013 £000
7. Debtors		
<i>Amounts falling due within one year:</i>		
Trade debtors	76	285
Amounts owed from Group undertakings	1,785	3,408
Prepayments and accrued income	12	7
Amounts owed to Group undertakings in respect of UK corporation tax	297	124
VAT receivable	-	2
	2,170	3,826

WILLIS CAPITAL MARKETS & ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

	2014 £000	2013 £000
8. Creditors: amounts falling due within one year		
Amounts owed to Group undertakings	36	-
Other creditors	3	-
VAT payable	10	-
Accruals and deferred income	417	987
	<u>466</u>	<u>987</u>

	2014 £000	2013 £000
9. Called up share capital		
Allotted, called up and fully paid		
500,000 (2013: 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 shareholder's funds			
1 January 2014	500	2,639	3,139
Loss on ordinary activities after taxation	-	(1,115)	(1,115)
31 December 2014	<u>500</u>	<u>1,524</u>	<u>2,024</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 £58,000 (2013: £54,000).

12. 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.