

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED  
(FORMERLY WILLIS CAPITAL MARKETS & ADVISORY  
LIMITED)**

Registered Number 2908053

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Directors**

*Executive Directors*

C Powell  
BD Shea  
AJ Melia  
RM Walkiewicz  
PJ Carter

**Secretary**

MP Dowding (appointed 17 October 2017)

**Registered Office**

51 Lime Street  
London, EC3M 7DQ

**Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom



**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

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# **WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

### **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. Willis Towers Watson plc, together with its subsidiaries ('WTW') is a leading global advisory, broking and solutions provider that helps clients around the world turn risk into a path for growth. The Company is domiciled and incorporated in the UK.

As part of the Company's ongoing review of its capital position, on 21 April 2017 the Company issued shares and in return received a capital injection from its immediate parent Company of £1,500,000. The Directors continue to monitor and review the Company's capital on a regular basis to ensure that the Company has adequate resources to continue to operate.

There have been no significant changes in the Company's principal activities in 2017. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

On 15 September 2017, the registered name of the Company was changed from Willis Capital Markets & Advisory Limited to Willis Towers Watson Securities Europe Limited to better reflect the brand name of WTW and to promote coordination between the Company and other group entities.

### **Results**

The loss on ordinary activities after taxation amounted to £580,000 (2016: loss of £1,184,000), as shown in the income statement on page 11. The reduction in loss is attributable to:

- £938,000 increase in fee income; and
- £1,000 increase in interest receivable from group undertakings,

partly offset by:

- £188,000 increase in operating expenses, net of foreign exchange gains and losses; and
- £147,000 decrease in corporation tax credit.

### **Shareholder's equity**

Shareholder's equity has increased by £920,000, reflecting a capital injection of £1,500,000 from its sole shareholder and immediate parent (the 'Parent'), partly offset by the net loss after tax for the year as detailed above.

The Directors continue to monitor and review the Company's capital adequacy on a regular basis to ensure that it meets the minimum Threshold Condition requirements set out within the FCA Handbook.

# **WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

### **Company activities and review of developments (continued)**

#### *Balance sheet*

The balance sheet on page 12 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £920,000 as a result of:

- £286,000 increase in amounts due from trade debtors; and
- £671,000 net increase in amounts due from group undertakings, including in respect of UK corporation tax group relief,

partly offset by:

- £30,000 increase in deferred revenue and expenses;
- £5,000 increase in other creditors;
- £1,000 decrease in net VAT receivable; and
- £1,000 reduction in deposits and cash.

WTW 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 WTW, which includes the Company, is discussed in WTW'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 and potential 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 FCA, 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. WTW's treasury function takes out contracts to manage this risk at a group level.

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. WTW'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, including those relating to the vote in the United Kingdom to leave the European Union and subsequent invocation of Article 50 of the Treaty of Lisbon on 29 March 2017. These risks have been discussed in WTW's financial statements, which do not form part of this report.

#### **FCA Pillar III Disclosures**

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

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**Principal risks and uncertainties (continued)**

**Environment**

WTW 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 WTW's activities.

**Employees**

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

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

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

By Order of the Board



PJ Carter  
Director  
51 Lime Street  
London EC3M 7DQ  
19 APRIL

2018

# **WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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

### *Merger with Towers Watson & Co.*

On 4 January 2016, pursuant to an Agreement and Plan of Merger, the Willis Group Holdings plc group and the Towers Watson & Co. group combined, with Towers Watson & Co. becoming a wholly-owned subsidiary of Willis Group Holdings plc. Immediately following the merger, Willis Group Holdings plc changed its name to Willis Towers Watson plc. The Company is not directly affected by this merger.

### *Strategic report*

The Directors have approved the content of the Company's strategic report prepared in accordance with Section 414C of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2017, along with the principal risks faced in achieving its future objectives.

### *Issue of shares*

By way of a capital injection, on 21 April 2017 the Company issued to the Parent 1,500,000 ordinary £1 shares, which are deemed to have been issued at par and fully paid up.

### *Going concern*

The Directors have a reasonable expectation that the Company has adequate resources, following the capital injections received on 24 February 2016 and 21 April 2017, along with group support, 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 14.

### *Dividends*

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

### *Employees*

It is WTW's policy, in keeping with the legislation in the countries in which it operates, to provide a working environment free from all forms of harassment and discrimination, including discrimination against disabled colleagues, 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. NJ Sedgwick resigned as a Director on 10 April 2018. There were no other changes in Directors during the year or after the year end.

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101, Reduced Disclosure Framework ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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



PJ Carter  
Director

51 Lime Street  
London EC3M 7DQ

19 APRIL 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Willis Towers Watson Securities Europe Limited (formerly Willis Capital Markets & Advisory Limited) (the 'company') for the year ended 31 December 2017 which comprise

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidences we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON  
SECURITIES EUROPE LIMITED (FORMERLY WILLIS CAPITAL MARKETS & ADVISORY  
LIMITED) (continued)**

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON  
SECURITIES EUROPE LIMITED (FORMERLY WILLIS CAPITAL MARKETS & ADVISORY  
LIMITED) (continued)**

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.



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

19 APRIL 2018

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £000	2016 £000
Turnover	3	2,025	1,087
Operating expenses		(2,726)	(2,664)
Operating (expense)/income – foreign exchange (loss)/gain	4	(27)	99
Operating loss	4	(728)	(1,478)
Interest receivable from group undertakings		7	6
Loss on ordinary activities before taxation		(721)	(1,472)
Tax credit on loss on ordinary activities	7	141	288
Loss for the year		(580)	(1,184)

All activities derive from continuing operations.

There is no other comprehensive income in either 2017 or 2016.

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**BALANCE SHEET AS AT 31 DECEMBER 2017**

	Notes	2017 £000	2016 £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	2,903	1,780
Deposits and cash		320	321
		<u>3,223</u>	<u>2,101</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(1,148)	(946)
<b>Total assets less current liabilities</b>		<u>2,075</u>	<u>1,155</u>
<b>Net assets</b>		<u>2,075</u>	<u>1,155</u>
<b>Equity</b>			
Called up share capital	10	3,500	2,000
Retained losses		(1,425)	(845)
<b>Shareholder's equity</b>		<u>2,075</u>	<u>1,155</u>

The financial statements of Willis Towers Watson Securities Europe Limited, registered company number 2908053, were approved by the Board of Directors and authorised for issue on 19 APRIL 2018 and signed on its behalf by:



PJ Carter  
Director

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

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

	Notes	Called up share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016		500	339	839
Loss for the year		-	(1,184)	(1,184)
Total comprehensive income for the year		-	(1,184)	(1,184)
Issue of shares		1,500	-	1,500
Balance at 31 December 2016		2,000	(845)	1,155
Loss for the year		-	(580)	(580)
Total comprehensive income for the year		-	(580)	(580)
Issue of shares	10	1,500	-	1,500
Balance at 31 December 2017		3,500	(1,425)	2,075

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**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 certain disclosure exemptions permitted under FRS 101 in relation to, primarily: (i) share-based payments; (ii) financial instruments; (iii) presentation of a cash flow statement; (iv) related party transactions; and (v) new International Financial Reporting Standards ('IFRSs') that have been issued but are not yet effective as, where required, equivalent disclosures are given in the group financial statements of Willis Towers Watson plc.

**Going concern**

The Company's business activities and the factors likely to affect its future development and position are set out in the Strategic Report. The Company deposits its excess own cash funds with WTW'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 WTW and external parties on a financial and non-financial level. Having assessed the responses to their enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of WTW to continue as a going concern or its ability to repay loans due to the Company from time to time.

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

**True and fair view override**

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

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
(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, a company incorporated in Ireland, whose registered office is Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland.

In accordance with Section 400 of the Companies Act 2006, the Company is exempt from the requirement to produce group financial statements.

The largest and smallest group in which the results of the Company are consolidated is Willis Towers Watson plc, whose financial statements are available to members of the public on WTW's website [www.willistowerswatson.com](http://www.willistowerswatson.com), in the Investor Relations section.

**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 and other sales-related taxes 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 as profit or loss in the period in which they arise.

**Pension costs**

WTW has defined benefit pension schemes and defined contribution pension schemes. The legacy Willis UK defined benefit scheme was closed to new entrants in January 2006. New employees are now offered the opportunity to join a 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 income statement as part of employee costs in the period in which they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
(continued)**

**1. Accounting policies (continued)**

***Share-based payments***

The Company's ultimate parent company, Willis Towers Watson 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 and the Company has no obligation to settle the awards.

Fair value of options 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. The fair value of each performance-based restricted stock unit is estimated on the grant date using a Monte-Carlo simulation that uses the following assumptions: expected volatility is based on the historical volatility of WTW's shares and the risk-free rate is based on the US Treasury yield curve in effect at the time of the grant.

***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.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

***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, receivables and payables are non-derivative financial assets or financial liabilities with fixed or determinable receipts or payments that are not quoted in an active market. Such financial assets or financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Any resulting interest is recognised in interest receivable or interest payable, as appropriate.

***Recent accounting pronouncements adopted in the current period***

The Company did not adopt any new International Financial Reporting Standards ('IFRSs') or interpretations ('IFRICs') issued by the International Accounting Standards Board ('IASB') during the year ended 31 December 2017 and no amendments to IFRSs or International Accounting Standards ('IASs') issued or adopted by the IASB had a significant effect on its financial statements.



**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
(continued)**

**2. Critical accounting judgements and estimates**

The preparation of financial statements in conformity with FRS 101 and the application of the Company's accounting policies, which are described in note 1, require 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.

*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 2017 or 2016.

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**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.

Fees	2017 £000	2016 £000
United Kingdom	251	-
North America	181	734
Rest of the world	1,593	353
	<u>2,025</u>	<u>1,087</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.

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**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
WILLIS CAPITAL MARKETS & ADVISORY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
(continued)**

	2017 £000	2016 £000
<b>4. Operating loss</b>		
Operating loss is stated after charging/(crediting):		
Current service cost of pension schemes:		
- defined contribution scheme	92	74
Net foreign currency exchange differences	27	(99)

The foreign exchange loss of £27,000 (2016: gain of £99,000) shown in the income statement is mainly attributable to the fluctuation in the value of Australian dollars and US dollars against pounds sterling during the year in relation to intercompany assets and liabilities.

Auditor's remuneration of £15,000 (2016: £8,500) was borne by another group company.

	2017 £000	2016 £000
<b>5. Employee costs</b>		
Salaries and incentives	1,823	1,696
Social security costs	100	219
Pension costs - defined contribution scheme	92	74
Net employee costs	2,015	1,989

	2017 Number	2016 Number
<b>Number of employees – average for the period</b>		
Producer	7	7
Management/administration services	1	1
	8	8

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

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
(continued)**

	2017 £000	2016 £000
<b>6. Directors' remuneration</b>		
Emoluments (excluding pension contributions, benefits and long-term incentive awards)	476	328
Pension contributions	17	17
	<u>493</u>	<u>345</u>
<b>Highest paid Director:</b>		
Emoluments (excluding pension contributions, benefits and long-term incentive awards)	476	328
Pension contributions	17	17
	<u>493</u>	<u>345</u>

No Directors were eligible for defined benefit pension schemes, exercised share options or received shares under the long-term incentive plan in 2017 or 2016.

The Directors working for the Company in 2017 and 2016 are employed by other subsidiary undertakings of Willis Towers Watson plc.

The remuneration for 2017 represents the costs of one Director (2016: 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.

	2017 £000	2016 £000
<b>7. Tax on loss on ordinary activities</b>		
<i>(a) Analysis of credit for the year</i>		
Current tax:		
UK corporation tax	(134)	(287)
Adjustments in respect of prior periods	(7)	(1)
Tax credit in the income statement (note 7 (b))	<u>(141)</u>	<u>(288)</u>
	<u>2017 £000</u>	<u>2016 £000</u>
<i>(b) Reconciliation of the total tax credit</i>		
The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK 19.25% (2016: 20%). The differences are explained below:		
Loss on ordinary activities before taxation	<u>(721)</u>	<u>(1,472)</u>
Tax calculated at UK standard rate of corporation tax of 19.25% (2016: 20%)	(139)	(294)
Effects of:		
Amounts not deductible for tax purposes	5	7
Tax overprovided in previous years	(7)	(1)
Total tax credit reported in the income statement (note 7 (a))	<u>(141)</u>	<u>(288)</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
(continued)**

**7. Tax on loss on ordinary activities (continued)**

**(c) Change in corporation tax rate**

The Finance Act 2013 set the rate of UK corporation tax at 20% with effect from 1 April 2015. The Finance Act 2015 maintained this rate for the year from 1 April 2016. The Finance (No.2) Act 2015, which received royal assent on 18 November 2015, reduced the rate to 19% with effect from 1 April 2017, with a further reduction to 18% from 1 April 2020. The Finance Act 2016, which received royal assent on 15 September 2016, subsequently reduced the main rate of corporation tax from 18% to 17% from 1 April 2020. As the changes were substantively enacted prior to 31 December 2017, they have been reflected in these financial statements.

	2017 £000	2016 £000
<b>8. Debtors: amounts falling due within one year</b>		
Trade debtors	1,076	790
Amounts due from group undertakings	1,690	698
Prepayments and accrued income	3	4
Amounts due from group undertakings in respect of UK corporation tax	134	287
VAT	-	1
	<u>2,903</u>	<u>1,780</u>

Trade debtors are presented net of impairments.

	2017 £000	2016 £000
<b>9. Creditors: amounts falling due within one year</b>		
Amounts owed to group undertakings	184	16
Other creditors	8	3
Accruals and deferred income	956	927
	<u>1,148</u>	<u>946</u>

**WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (FORMERLY  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
(continued)**

	2017	2016
	£000	£000

**10. Called up share capital**

<b>Allotted, called up and fully paid</b>		
3,500,000 (2016: 2,000,000) ordinary shares of £1 each	3,500	2,000

By way of a capital injection, the Company issued to its immediate parent company 1,500,000 ordinary £1 shares, which are deemed to have been issued at par and fully paid up.

**11. Pensions**

*Defined Contribution Scheme*

The Company has operated a defined contribution scheme for which the pension cost charge for the year amounted to £92,000 (2016: £74,000).

**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 WTW. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.

**13. Share-based payments**

*Share-based Compensation Plans*

On 31 December 2017, Willis Towers Watson plc, the ultimate parent company of Willis Towers Watson Securities Europe Limited, had a number of open share-based compensation plans, which provide for the grant of time-based and performance-based options, time-based and performance-based restricted stock units and various other share-based grants to employees of Willis Towers Watson Securities Europe 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.

The Company recognised total operating expense in 2017 of £nil (2016: £nil) related to equity-settled share-based payment transactions.