

## **TA I LIMITED**

(Registered Number 3588080)

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

#### **Directors**

JJ Plumeri  
MP Chitty  
PC Regan  
GJ Millwater (appointed 1 January 2007)

#### **Secretary**

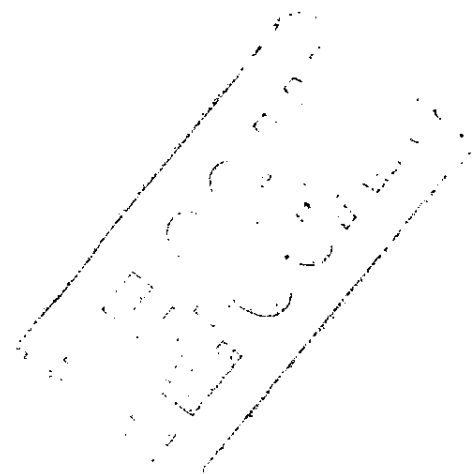
SK Bryant

#### **Registered Office**

51 Lime Street  
London EC3M 7DQ

#### **Auditors**

Deloitte & Touche LLP  
London



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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007**

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

**Principal activities and review of developments**

The Company acts as a holding company and is a subsidiary of Willis Group Holdings Limited (the Group), which is one of the world's leading professional service providers of risk management solutions, risk transfer expertise through insurance and reinsurance broking, and related specialised consultancy services.

There have been no significant changes in the Company's principal activities in 2007. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The profit on ordinary activities after taxation amounted to \$599 million (2006: \$129 million) as shown in the profit and loss account on page 6. The increase is a result of higher levels of income from the Company's subsidiary undertaking.

Interim dividends totalling \$1,131 million were paid in the year, details can be found in note 7 to the financial statements on page 11 (2006: interim dividend of \$129 million). The Directors do not recommend the payment of a final dividend (2006: \$nil). Dividends proposed after the balance sheet date are shown in note 17 to the financial statements on page 14.

The balance sheet on page 7 of the financial statements shows the Company's financial position at the year end. Net assets have fallen by \$532 million as the result of dividends paid during the year and inter company movements.

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

**Principal risks and uncertainties**

Group risks, including those relating to this Company, are discussed in the Group's financial statements which do not form part of this report.

**Environment**

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

**Employees**

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 10.

**Directors and their interests**

The current Directors of the Company are shown on page 1, which forms part of this report. GJ Millwater was appointed as a Director of the Company with effect from 1 January 2007. There were no other changes in Directors during the year or after the year end.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)****Statement of Directors' responsibilities in relation to the financial statements**

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

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

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

**Disclosure of information to auditors**

Each current Director of the Company confirms that:

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

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

**Auditors**

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

By order of the Board

  
S K Bryant  
Secretary

10 April 2008  
51 Lime Street  
London EC3M 7DQ

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TA I LIMITED**

We have audited the financial statements of TA I Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective responsibilities of Directors and Auditors**

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

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

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

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

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

### **Basis of audit opinion**

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TA I LIMITED**  
(continued)

**Opinion**

In our opinion:

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

*Deloitte & Touche LLP*

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

10 April 2008

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 \$000	2006 \$000
Operating expenses		(67)	(19)
Operating loss	2	(67)	(19)
Finance income, net	5	596,498	129,000
Profit on ordinary activities before taxation		596,431	128,981
Tax credit on profit on ordinary activities	6	2,544	5
Profit on ordinary activities after taxation		598,975	128,986

All activities derive from continuing operations.

## RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

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

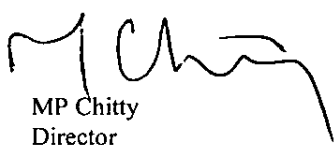
**TA I LIMITED**
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**BALANCE SHEET AS AT 31 DECEMBER 2007**

	Note	2007 \$000	2006 \$000
<b>Fixed assets</b>			
Investments	8	706,726	706,726
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	157,576	22,358
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	11	(267,129)	(21,217)
<b>Net current (liabilities) / assets</b>		<b>(109,553)</b>	<b>1,141</b>
<b>Total assets less current liabilities</b>		<b>597,173</b>	<b>707,867</b>
Creditors: amounts falling due after more than one year	12	(420,918)	-
<b>Net assets</b>		<b>176,255</b>	<b>707,867</b>
<b>Capital and reserves</b>			
Called up share capital	13	32,445	32,445
Profit and loss account	14	143,810	675,422
<b>Equity shareholders' funds</b>		<b>176,255</b>	<b>707,867</b>

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

10 April

2008

  
MP Chitty  
Director

## MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDING 31 DECEMBER 2007

	2007	2006
Movement in shareholders' funds	\$000	\$000
Profit on ordinary activities after taxation	598,975	128,986
Dividends paid	(1,130,587)	(129,000)
Cancellation of share premium account	-	(675,304)
Transfer of share premium to profit and loss reserves	-	675,304
Net movement in shareholders' funds for the year	(531,612)	(14)
Shareholders' funds at beginning of year	707,867	707,881
Shareholders' funds at end of year	176,255	707,867

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

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

The financial statements have been prepared:

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

**Parent undertaking and controlling party**

The Company is:

- a wholly-owned subsidiary of Willis Group Holdings Limited; and
- consolidated by Willis Group Holdings Limited, a company incorporated in Bermuda.

Consequently, and in accordance with Section 228A of the Companies Act 1985 (as amended), 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 Group Holdings Limited, whose financial statements are available to members of the public from the Company Secretary, 51 Lime Street, London EC3M 7DQ.

**Income recognition**

The Company recognises income from shares in subsidiary undertakings on a received basis. Interest receivable and interest payable are accounted for on an accruals basis.

**Foreign currency translation**

These financial statements are presented in US dollars 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.

**Fixed asset investments**

Investments in subsidiaries are carried at cost less provision for impairment.

**Taxation**

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

**Cash flow statement**

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

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

## 2. Operating loss

Auditors' remuneration of £2,700 (\$5,400) (2006: £5,000 (\$9,200)) was borne by another Group company.

## 3. Employee costs

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

## 4. Directors' remuneration

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

	2007 \$000	2006 \$000
<b>5. Finance income, net</b>		
<i>Interest and investment income</i>		
Interest receivable from Group undertakings	3,351	172
Income from shares in subsidiary undertaking	605,000	129,000
	<u>608,351</u>	<u>129,172</u>
<i>Interest payable</i>		
Interest payable to Group undertakings	(11,853)	(172)
Finance income, net	<u>596,498</u>	<u>129,000</u>

	2007 \$000	2006 \$000
<b>6. Tax credit on profit on ordinary activities</b>		
<i>(a) Analysis of tax credit for the year</i>		
Current tax:		
UK corporation tax on profit at 30% (2006: 30%)	(2,544)	(5)
Current tax credit on profit on ordinary activities (note 6(b))	<u>(2,544)</u>	<u>(5)</u>
<i>(b) Factors affecting tax credit for the year</i>		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit on ordinary activities before tax	<u>596,431</u>	<u>128,981</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	178,929	38,694
Effects of:		
Intra-group dividends which are non-taxable	(181,500)	(38,700)
Other including effect of exchange rates	27	1
Current tax credit for the year (note 6(a))	<u>(2,544)</u>	<u>(5)</u>

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

## 6. Tax credit on profit on ordinary activities (continued)

*(c) Circumstances affecting current and future tax charges and credits*

Following the Finance Act 2007, the UK corporation tax rate changed from 30% to 28% on 1 April 2008.

7. Dividends paid	2007 \$000	2006 \$000
First interim paid 16 March 2007 (2006: 15 November 2006)	50,026	129,000
Second interim paid 29 March 2007	77,561	-
Third interim paid 28 June 2007	100,000	-
Fourth interim paid 23 July 2007	325,000	-
Fifth interim paid 25 October 2007	423,000	-
Sixth interim paid 28 December 2007	155,000	-
	<u>1,130,587</u>	<u>129,000</u>

8. Investments held as fixed assets	Subsidiary undertaking \$000
<i>Cost and net book value</i>	
At 1 January 2007 and 31 December 2007	<u>706,726</u>

Investments held as fixed assets comprise the Company's investment in 100% of the ordinary share capital of TA II Limited, an intermediate holding company within the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

## 9. Shares in subsidiary undertakings

The principal subsidiary undertakings at 31 December 2007 were:

	Country of incorporation	Class of share	Percentage of share capital held
<i>Insurance Broking</i>			
Willis Limited	Great Britain	Ordinary of £1 each	100%
<i>Holding Company</i>			
TA II Limited*	Great Britain	Ordinary of 10p each	100%
Willis Group Limited	Great Britain	Ordinary of 12.5p each	100%
Willis North America Inc.	USA	Common	100%
Willis Faber Limited	Great Britain	Ordinary of £1 each	100%
Willis International Limited	Great Britain	Ordinary of £1 each	100%
Willis Europe BV	Netherlands	Ordinary of €454 each	100%
<i>Management Services Company</i>			
Willis Group Services Limited	Great Britain	Ordinary of £1 each	100%

\* Owned directly by TA I Limited; all other undertakings are indirectly held. All undertakings operate principally in the country of their incorporation.

The Company is exempt from the obligation to prepare group financial statements in accordance with Section 228A of the Companies Act 1985 (as amended) as the Company is a wholly-owned subsidiary of Willis Group Holdings Limited, in whose financial statements it is consolidated. These financial statements relate to the Company only and not to its Group.

In the opinion of the Directors, the value of the shares in the subsidiary undertakings is not less than the amount shown in the balance sheet.

	2007 \$000	2006 \$000
<b>10. Debtors</b>		
<i>Amounts falling due within one year:</i>		
Amounts owed by Group undertaking	155,032	22,352
Corporation tax	2,544	6
	<u>157,576</u>	<u>22,358</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 \$000	2006 \$000
<b>11. Creditors: amounts falling due within one year</b>		
Amounts owed to Group undertakings	267,129	21,217

	2007 \$000	2006 \$000
<b>12. Creditors: amounts falling due after more than one year</b>		
Amounts owed to Group undertaking	420,918	-

The amount due after more than one year represents an interest bearing loan from Willis UK Investments Limited. Interest is payable at LIBOR plus a margin of between 1.10% and 1.55% per annum. The loan is repayable in two instalments; \$175 million is repayable on 15 July 2010 and \$246 million is repayable on 15 July 2015.

	2007 Number (million)	2006 Number (million)
<b>13. Called up share capital</b>		
Authorised share capital		
Ordinary shares of 10 pence each	4,000	4,000
Allotted, issued and fully paid	2007 \$000	2006 \$000
207,473,260 (2006: 207,473,260) ordinary shares of 10 pence each	32,445	32,445

	Share capital \$000	Profit and loss account \$000	Total \$000
<b>14. Reserves and shareholders' capital</b>			
1 January 2007	32,445	675,422	707,867
Profit on ordinary activities after taxation	-	598,975	598,975
Dividends paid	-	(1,130,587)	(1,130,587)
31 December 2007	32,445	143,810	176,255

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007****15. Contingent liabilities**

The Company guarantees, on a joint and several basis with certain fellow subsidiary undertakings of Willis Group Holdings Limited and Willis Group Holdings Limited itself, the following debt securities issued by Willis North America Inc, also a fellow subsidiary undertaking of Willis Group Holdings Limited:

\$250 million 5.125% Senior Notes due 2010

\$350 million 5.625% Senior Notes due 2015

\$600 million 6.20% Senior Notes due 2017

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**16. Related party transactions**

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

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**17. Events after the balance sheet date**

On 19 February 2008 and 31 March 2008 the Directors declared and paid interim dividends of \$50 million and \$27 million respectively.

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