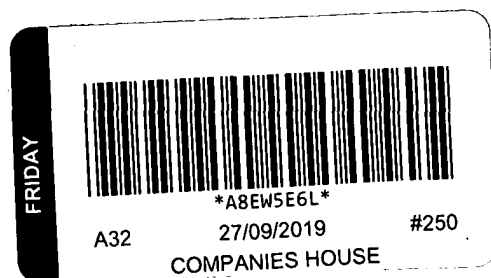


WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

Registered Number 05504367

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018



WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

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WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

STRATEGIC REPORT

For the year ended 31 December 2018

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

REVIEW OF THE BUSINESS , FUTURE PROSPECTS

The directors present their review of the business for the year ended 31 December 2018.

Profit on ordinary activities before taxation was £3,757,278 (2017 - £2,591,765).

The directors do not expect any change in the activities of the Company for the foreseeable future as a financing company.

POST BALANCE SHEET EVENTS

There have been no post balance sheet events since the year end.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Strategy

The Company's activities expose it to certain risks as described below. The directors believe such risks are adequately monitored by the management of the Company.

Key performance indicator

As a Company whose only asset is an intercompany receivable, a key performance indicator is the interest rate at which income is earned. As such, the directors monitor interest receivable to ensure that the interest received is at a market rate.

Principal risks and uncertainties

The Company has a significant loan to a related undertaking of £29,608,463 (2017 - £25,851,185). The Company is exposed to the impairment of this loan if there are insufficient cash flows to support the carrying value of the loan. The Company reviews the loan for signs of impairment and provisions are made where appropriate.

Political risk

The Company has operations and generates income across a large number of countries which may be, or become, subject to economic or political instability. The Company manages this risk through ongoing monitoring of the economic and political situation in these countries.

Given the status of Brexit at this time, the Company is not able to predict the impact it will have on the economy, economic, regulatory and political stability, market conditions in Europe (including in the UK) or on Pound sterling, Euro or other European currencies. Any such impacts and others that cannot currently be anticipated could materially adversely affect the company and its operations. Among other things, the Company could experience lower growth in the region due to indecision as businesses hold off on generating new projects due to adverse market conditions.

The British government began negotiating the terms of the UK's future relationship with the EU in 2017 and during 2018 finalised a proposal for the terms of the U.K.'s future relationship with the EU. These terms have been accepted by the EU but as yet still require ratification in the UK parliament. While certain separation issues have been resolved, there is still significant uncertainty with respect to the terms of any future relationship. Although the Company cannot anticipate what those terms will be, it is heavily invested in and focussed on the UK in its businesses and activities; therefore, if Brexit negatively impacts the UK, it could have a materially adverse impact. In addition, Brexit may result in greater restrictions on business between the UK and EU countries and increased regulatory complexities. This and other factors could cause the need to move businesses or operations outside of the UK.

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

STRATEGIC REPORT (continued)

For the year ended 31 December 2018

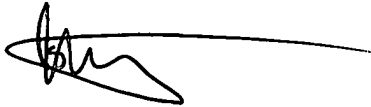
Political risk (continued)

There is also uncertainty as to how the UK's access to the EU Single Market and the wider trading, legal, regulatory, tax and labour environments (especially in the UK and EU) will be impacted, including the resulting impact on the business and that of its clients. Any such changes may adversely affect the Company's operations and financial results. For example, any changes to the passporting or other regulations related to doing business in various EU countries by relying on a regulatory permission in the UK (or doing business in the UK by relying on a regulatory permission in an EU country) could increase costs of doing business, or the ability to do so.

Changes in labour laws may impact the ability to hire and retain non-UK associates in the UK or UK associates in the EU. The outcome of the referendum has also created additional uncertainty with regard to the regulation of data protection in the UK. Among other things, it is unclear whether the UK will enact legislation similar to the pending European General Data Protection Regulation after Brexit and how data transfers to and from the UK will be regulated. A change in such regulations, or other regulations, could increase costs of doing business or, in some cases, the ability to do business, and adversely impact operations and financial results. There is also a risk that other countries may decide to leave the EU and the Company cannot predict the impact that this could materially have on it.

There is also a risk that other countries may decide to leave the E.U. We cannot predict the impact that any additional countries leaving the E.U. will have on us, but any such impacts could materially adversely affect the Company.

Approved by the Board of Directors
and signed on behalf of the Board



S J Alcock

Watson House, London Road
Reigate, Surrey
RH2 9PQ

23 September 2019

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2018

The directors present their annual report and audited financial statements of the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of loan finance to a fellow Willis Towers Watson group company which is engaged in the provision of actuarial and consulting services in the European region.

PRINCIPAL RISKS AND UNCERTAINTIES, FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

Details of principal risks and uncertainties, future developments and post balance sheet events can be found in the Strategic Report on pages 1 to 2 and form part of this report by cross-reference.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, 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 the statement of accounting policies in the financial statements.

DIVIDENDS

Dividends of £nil were paid during the year (2017 - £nil). No final dividend is proposed (2017 - £ nil).

DIRECTORS

The directors who served throughout the year (except where otherwise stated) were as follows:

S J Alcock

O H W Goodinge (Resigned 28 June 2018)

S M Girling (Appointed 19 June 2019)

Third party indemnity provisions

As is permitted by the Company's Articles of Association and section 232 and 234 of the Companies Act 2006 qualifying third party indemnity provisions were in force during the period and remain in force for the benefit of the Directors (and any officers) of the Company. A fellow group Company, maintains directors' liability insurance cover for the company directors and officers as permitted under the Company's Articles. Such insurance policies remained in force during the period.

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2018

INDEPENDENT AUDITOR AND STATEMENT OF PROVISION OF INFORMATION TO THE INDEPENDENT AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company and will be reappointed as auditor for the next year.

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware;
and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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.

Approved by the Board of Directors
and signed on behalf of the Board

Watson House, London Road
Reigate, Surrey
RH2 9PQ



S J Alcock

23 September 2019

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

For the year ended 31 December 2018

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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED
Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Watson Wyatt European Investments Holdings Limited (the 'company') which comprise:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED
Report on the audit of the financial statements (continued)

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATSON WYATT EUROPEAN
INVESTMENT'S HOLDINGS LIMITED**

Report on the audit of the financial statements (continued)

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.



Robert Knight, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Crawley
United Kingdom

25 September 2019

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2018

| | Notes | 2018 £ | 2017 £ |
|--|-------|-----------|-----------|
| OPERATING RESULT | | — | — |
| Interest receivable and similar income | 6 | 3,757,278 | 2,591,765 |
| PROFIT BEFORE TAXATION | | 3,757,278 | 2,591,765 |
| Tax (charge)/credit for the year | 7 | (214,968) | 66,408 |
| PROFIT FOR THE FINANCIAL YEAR | | 3,542,310 | 2,658,173 |

All results are from continuing operations.

There are no recognised gains and losses for the current or preceding financial year other than the profit shown above. Therefore, a statement of comprehensive income is not presented.

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

BALANCE SHEET

Company Registration Number 05504367

As at 31 December 2018

| | Notes | 2018 £ | 2017 £ |
|---|-------|------------|------------|
| CURRENT ASSETS | | | |
| Debtors | | | |
| due after more than one year | 8 | 29,608,463 | 25,851,185 |
| Creditors: amounts falling due within one year | 9 | (579,104) | (364,136) |
| NET CURRENT ASSETS | | 29,029,359 | 25,487,049 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 1,000 | 1,000 |
| Share premium account | | 5,799,001 | 5,799,001 |
| Profit and loss account | | 23,229,358 | 19,687,048 |
| SHAREHOLDERS' FUNDS | | 29,029,359 | 25,487,049 |

These financial statements were approved by the Board of Directors and authorised for issue on 23 September 2019

Signed on behalf of the Board of Directors.



S J Alcock
Director

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY As at 31 December 2018

Equity attributable to equity shareholders' of the Company

| | Called up share capital £ | Share premium £ | Profit and loss account £ | Total £ |
|----------------------------|---------------------------------|-----------------------|---------------------------------|------------|
| At 1 January 2017 | 1,000 | 5,799,001 | 17,028,875 | 22,828,876 |
| Profit for the year | — | — | 2,658,173 | 2,658,173 |
| Total comprehensive income | — | — | 2,658,173 | 2,658,173 |
| At 31 December 2017 | 1,000 | 5,799,001 | 19,687,048 | 25,487,049 |
| Profit for the year | — | — | 3,542,310 | 3,542,310 |
| Total comprehensive income | — | — | 3,542,310 | 3,542,310 |
| At 31 December 2018 | 1,000 | 5,799,001 | 23,229,358 | 29,029,359 |

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2018

1. ACCOUNTING POLICIES

Watson Wyatt European Investments Holdings Limited is a private company limited by shares, domiciled and incorporated in England and Wales. The address of the Company's registered office is Watson House, London Road, Reigate, Surrey, RH2 9PQ. The Company's principal place of business is Watson House, London Road, Reigate, Surrey, RH2 9PQ.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Companies Act 2006 including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

The principal accounting policies adopted are described below and have been applied consistently in the current and prior year.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

a. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements by being part of a cash pooling arrangement managed by the group treasury function which reviews the Company's forecasts and projections, taking account of reasonably possible changes in interest rate, and shows that the Company should be able to operate within the level of its current arrangement.

On this basis, the directors are satisfied that the Company is a going concern.

b. Cash flow statement

The Company has taken advantage of the exemption within Financial Reporting Standard 102 1.12(b) not to produce a cash flow statement as the consolidated financial statements of its ultimate parent undertaking are publicly available.

c. Financial instruments

The Company has elected to apply the provisions of section 11 "Basic Financial Instruments" and section 12 "Other Financial Instruments Issues" of FRS 102 in full to all of its financial instruments.

Financial assets and liabilities

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2018 (continued)

1. ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Debtors - Amounts owed by group undertakings

Amounts owed by group undertakings: short term debtors, being both amounts due within one year and due after one year, and which do not constitute a financing transaction are initially recognised at the transaction price. They are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors - Amounts payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at the amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2018 (continued)

1. ACCOUNTING POLICIES (continued)

d. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

e. Taxation

Current tax, including UK corporation tax and foreign 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are regarded as recoverable and recognised only to the extent that, on the available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax is charged or credited in the profit or loss account, except when it relates to items charged or credited to other comprehensive income or equity, then the tax follows the transaction.

f. Foreign currencies

Transactions in foreign currencies are 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 prevailing at that date.

g. Revenue recognition

Interest income

Revenue is recognised as interest accrues.

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2018 (continued)

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions 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.

Critical judgements in applying the Company's accounting policies

The directors identified no critical judgements in applying the Company's accounting policies.

Key sources of estimation uncertainty

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. No impairment loss was recognised in either the current or prior year.

3. PROFIT BEFORE TAXATION

The auditor's remuneration for the audit of the financial statements of the Company for the year was £8,900 (2017 - £8,400) was borne by a subsidiary undertaking.

4. DIRECTORS' REMUNERATION

No remuneration was payable to the directors of the Company in either the current or prior year. The directors are considered to be group employees in both the current prior year and as such are remunerated through a parent undertaking. No allocation is made to this entity for their qualifying services.

5. STAFF COSTS

The Company had no employees during the current prior year.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2018 | 2017 |
|--------------------|-----------|-----------|
| | £ | £ |
| Group undertakings | 3,757,278 | 2,591,765 |

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2018 (continued)

7. TAX CHARGE/(CREDIT) ON PROFIT

The rate of UK corporation tax for the year is 19% (2017 - 19.25%).

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| <i>Current tax</i> | | |
| UK corporation tax payable at 19% (2017 - 19.25%) | | |
| UK corporation tax | 713,883 | 498,915 |
| Prior year adjustment | (498,915) | (565,323) |
| | | |
| Current tax charge/(credit) on profit for the year | 214,968 | (66,408) |

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2017 - 19.25%, being 20% for the period 1 January 2017 to 31 March 2017 and 19% for the period 1 April 2017 to 31 December 2017). The differences are explained below.

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| <i>Reconciliation of the total tax charge</i> | | |
| Profit before tax | 3,757,278 | 2,591,765 |
| Tax charge for the year at 19% (2017 - 19.25%) | 713,883 | 498,915 |
| Prior year adjustment | (498,915) | (565,323) |
| | | |
| Current tax charge/(credit) on profit for the year | 214,968 | (66,408) |

8. DEBTORS

| | 2018 £ | 2017 £ |
|------------------------------------|------------|------------|
| Amounts owed by group undertakings | 29,608,463 | 25,851,185 |

9. CREDITORS: amounts falling due within one year

| | 2018 £ | 2017 £ |
|-----------------|-----------|-----------|
| Corporation tax | 579,104 | 364,136 |

WATSON WYATT EUROPEAN INVESTMENTS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2018 (continued)

10. SHARE CAPITAL

| | 2018 | 2017 |
|---|-------|-------|
| | £ | £ |
| Called-up, allotted and fully paid | | |
| 1,000 (2017 - 1,000) Ordinary shares of £1 each | 1,000 | 1,000 |

The Company has one class of ordinary shares which carry no right to fixed income.

A dividend of £nil was paid in the year (2017 - £nil).

The Company's other reserves comprise:

Share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss reserve which represents cumulative profits or losses, net of dividends paid and other adjustments.

11. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The Company is a wholly owned subsidiary of Watson Wyatt Holdings Limited, whose registered office is Watson House, London Road, Reigate, Surrey, RH2 9PQ, England.

The ultimate parent company and controlling entity is Willis Towers Watson plc whose registered office is Willis Towers Watson plc, Elm Park, Merrion Road, Dublin 4, The Republic of Ireland and listed on NASDAQ Global Select Market.

The largest and smallest group into which the Company's financial statements are consolidated is Willis Towers Watson plc.

Consolidated financial statements of Willis Towers Watson plc. for the year ended 31 December 2018 are available on the Willis Towers Watson website at: www.willistowerswatson.com.

12. RELATED PARTY TRANSACTIONS

The Company has taken advantage, as a 100% owned subsidiary, of the exemption under Financial Reporting Standard FRS102 1.12(e), from disclosure of transactions and balances with group companies. Accordingly, transactions with Willis Towers Watson plc. and its subsidiary undertakings are not disclosed separately.