

WILLIS EMPLOYEE BENEFITS LIMITED

(Registered Number 5641509)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Directors

BJ McManus
A Powis
N Perry

Secretary

SK Bryant

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte LLP
London

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2009

Principal activities and review of developments

The Company provides employee benefits services including the design, implementation, communication and administration of employee benefits programmes. Benefits programmes include pension schemes, group death in service, income protection, private medical insurance, total reward strategies and absence management.

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

Up to 30 December 2009 the Company's ultimate parent company was Willis Group Holdings Limited, a company incorporated in Bermuda. On 31 December 2009 the Group redomiciled its ultimate parent company to Ireland. As a result Willis Group Holdings plc, a company incorporated in Ireland, replaced Willis Group Holdings Limited as the ultimate parent company.

There have been no significant changes in the Company's principal activities in 2009. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Results

The profit on ordinary activities after taxation amounted to £199k (2008: loss of £127k). As shown in the profit and loss account on page 7, the Company reported an operating profit of £221k for the year (2008: operating loss £298k). This profit is a result of increased turnover due to continued business and client growth and decreased operating expenses, reflecting our continued focus on cost management and efficiencies.

Dividends

No interim dividend was paid in the year (2008: £nil). The Directors do not recommend the payment of a final dividend (2008: £nil).

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end.

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

Principal risks and uncertainties

Competitive pressure in the UK is a risk for the Company, which could result in the Company losing its fees to its key competitors. The Company manages this risk by delivering value to clients, creating the most appropriate fee structure, enhancing the sales process and fully implementing a Client Advocacy programme.

The Company is regulated in the UK by the Financial Services Authority and has appropriate FSA permissions to carry on its current activities. Internal control procedures are in place to ensure that the Company is fully compliant with all applicable UK industry regulation.

This Company is also exposed to additional risks by virtue of being part of the wider Group. These risks have been discussed in the Group's financial statements which do not form part of this report.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**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 4 to the financial statements on page 12

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

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

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. JB McGrath resigned as Director of the Company on 31 March 2009. N Perry was appointed with effect from 31 March 2009. There were no other changes in Directors during the year or after the year end.

Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing 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 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 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 2006) 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 Section 418 of the Companies Act 2006.

WILLIS EMPLOYEE BENEFITS LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

Auditors

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 auditors in the absence of an Annual General Meeting

By order of the Board



SK Bryant
Secretary
29th July 2010

51 Lime Street
London EC3M 7DQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS EMPLOYEE BENEFITS LIMITED

We have audited the financial statements of Willis Employee Benefits Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds 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 (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the Directors, and
- the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

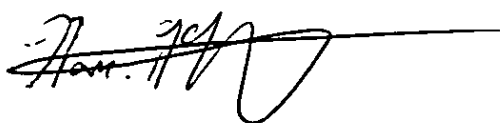
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS EMPLOYEE BENEFITS LIMITED
(continued)

Matters on which we are required to report by exception

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

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



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

21 July 2010

WILLIS EMPLOYEE BENEFITS LIMITED**7****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £000	2008 £000
Turnover	2	2,598	2,310
Operating expenses		(2,377)	(2,608)
Operating profit/(loss)	3	221	(298)
Finance income	6	53	123
Profit/(loss) on ordinary activities before taxation		274	(175)
Tax (charge)/credit on profit/(loss) on ordinary activities	7	(75)	48
Profit/(loss) on ordinary activities after taxation		199	(127)

All activities derive from continuing operations

There are no recognised gains or losses in either 2009 or 2008 other than the profit/(loss) for those years

WILLIS EMPLOYEE BENEFITS LIMITED**8****BALANCE SHEET AS AT 31 DECEMBER 2009**

	Note	2009 £000	2008 £000
Current assets			
Debtors amounts falling due within one year	8	673	4,042
Deposits and cash		667	240
		<u>1,340</u>	<u>4,282</u>
Current liabilities			
Creditors amounts falling due within one year	9	<u>(1,010)</u>	<u>(4,151)</u>
Total assets less current liabilities		330	131
Capital and reserves			
Called up share capital	10	10	10
Profit and loss account	11	<u>320</u>	<u>121</u>
Shareholders' funds		330	131

The financial statements of Willis Employee Benefits Limited, registered company number 5641509, were approved by the Board of Directors and authorised for issue on 29th July 2010 and signed on its behalf by

BJ McManus
Director



WILLIS EMPLOYEE BENEFITS LIMITED**9****MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDING 31 DECEMBER 2009**

Movement in shareholders' funds	2009 £000	2008 £000
Profit/(loss) on ordinary activities after taxation	199	(127)
Net movement in shareholders' funds for the year	199	(127)
Shareholders' funds at beginning of year	131	258
Shareholders' funds at end of year	330	131

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**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

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

Parent undertaking and controlling party

The Company's

- immediate parent company and controlling undertaking is Willis Faber Limited, and
- ultimate parent company is Willis Group Holdings plc, a company incorporated in Ireland

Up to 30 December 2009 the Company's ultimate parent company was Willis Group Holdings Limited, a company incorporated in Bermuda. On 31 December 2009 the Group redomiciled its ultimate parent company to Ireland. As a result Willis Group Holdings plc, a company incorporated in Ireland, replaced Willis Group Holdings Limited as the ultimate parent company.

The largest and smallest group in which the results of the Company are consolidated is Willis Group Holdings plc, whose financial statements are available to members of the public from the Company Secretary, 51 Lime Street, London EC3M 7DQ.

Revenue recognition

Turnover principally comprises insurance commission and fees for services rendered. Insurance commission and fees negotiated instead of insurance commission are recognised at the later of policy inception or when the policy placement is complete. Other consulting fees are recognised as earned.

Finance income

Interest receivable is accounted for on an accruals basis.

Foreign currency translation

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates ('the functional currency').

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**1. Accounting policies (continued)****Pension costs**

Certain employees participate in Willis Group Holdings plc's UK defined benefit pension scheme. This scheme was closed to new entrants in January 2006. New entrants are now offered the opportunity to join a defined contribution scheme. The staff working for the Company are employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings plc ('the Group').

Defined benefit scheme

A defined benefit scheme is a pension scheme that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The UK defined benefit scheme is funded, with the assets of the scheme held separately from those of the Company, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of Willis Limited's balance sheet.

As the Directors are unable to identify the Company's share of the scheme's underlying assets and liabilities, the Company recognises as its pension cost the contributions payable under the scheme during the year, as allowed by FRS17 and are charged to the profit and loss account as part of the employee costs in the period in which they fall due. The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method. The pension contribution rates are based on pension costs across the Group's UK companies as a whole.

Defined contribution scheme

A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The costs of the defined contribution scheme in which the Company participates are charged to the profit and loss account as part of employee costs in the period in which they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

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

Cash flow statement

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

2. Turnover

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

	2009 £000	2008 £000
Brokerage and fees		
United Kingdom	2,598	2,310

3 Operating profit/(loss)

Auditors' remuneration of £7,800 (2008 £7,800) was borne by another Group company

	2009 £000	2008 £000
4. Employee costs		
Salaries	1,244	1,500
Social security costs	189	163
Other pension costs	149	101
	1,582	1,764
	2009 Number	2008 Number
Number of employees – average for the period		
Producer	14	14
Client services	5	3
Management / administration services	3	2
	22	19

The staff working for the Company are employed by other subsidiary undertakings of Willis Group Holdings plc. The Company bears the cost of the salaries, social security payments and pension contributions relating to such staff and reimburses the employing company for the full amount of the costs incurred, as shown above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

	2009 £000	2008 £000
5. Directors' remuneration		
Emoluments, (excluding pension contributions, benefits and long-term incentive awards)	422	179
Benefits	7	6
Pension contributions	11	11
	<u>440</u>	<u>196</u>
Highest paid Director		
Emoluments, (excluding pension contributions and long-term incentive awards)	209	185
Accrued annual pension	8	6
	<u>217</u>	<u>191</u>
	2009 Number	2008 Number
Directors exercising share options	-	-
Directors receiving shares under long-term incentive plans	-	-
Directors eligible for defined benefit pension schemes	1	1
<hr/>		
6 Finance income	2009 £000	2008 £000
<i>Interest and investment income</i>		
Interest receivable on cash at bank	-	30
Interest receivable from Group undertaking	53	93
	<u>53</u>	<u>123</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

	2009 £000	2008 £000
7. Tax charge/(credit) on profit/(loss) on ordinary activities		
<i>(a) Analysis of charge/(credit) for the year</i>		
Current tax		
UK corporation tax on profit at 28% (2008 28.5%)	75	(48)
Total current tax charge/(credit) on profit/(loss) on ordinary activities (note 7(b))	75	(48)
<i>(b) Factors affecting tax charge/(credit) for the year</i>		
The tax assessed for the year is lower (2008 higher) than the standard rate of corporation tax in the UK (28%) (2008 28.5%). The differences are explained below		
Profit/(loss) on ordinary activities before taxation	274	(175)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	76	(49)
Effects of		
Amounts not deductible for tax purposes	2	3
Adjustments to tax charge in respect of prior years	(3)	(2)
Total current tax charge/(credit) for the year (note 7(a))	75	(48)

(c) Circumstances affecting current and future tax charges and credit

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

WILLIS EMPLOYEE BENEFITS LIMITED**15****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

	2009 £000	2008 £000
8. Debtors: amounts falling due within one year		
Trade debtors	533	589
Amounts owed by Group undertaking	-	3,326
Amounts owed by Group undertaking in respect of group relief	-	46
Prepayments and accrued income	140	81
	<u>673</u>	<u>4,042</u>

	2009 £000	2008 £000
9. Creditors: amounts falling due within one year		
Trade creditors	148	-
Amounts owed to Group undertaking	776	4,028
Amounts owed to Group undertaking in respect of group relief	78	-
Other creditors	8	2
Accruals and deferred income	-	121
	<u>1,010</u>	<u>4,151</u>

	2009 Number (thousand)	2008 Number (thousand)
10. Called up share capital		
Authorised share capital		
Ordinary shares of £1 each	<u>10</u>	<u>10</u>
	<u>2009 £000</u>	<u>2008 £000</u>
Allotted, called up and fully paid		
10,000 (2008 10,000) ordinary shares of £1 each	<u>10</u>	<u>10</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

11. Reserves and shareholders' funds	Share capital £000	Profit and loss account £000	Total £000
1 January 2009	10	121	131
Profit on ordinary activities after taxation	-	199	199
31 December 2009	10	320	330

12. Pensions

Defined Benefit Scheme

Certain employees of the Company are members of the Willis Pension Scheme in the United Kingdom ('the Scheme'), which is funded externally and is of the defined benefit type. The staff working for the Company are employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings plc. The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method. The pension contributions rates are based on pension costs across the Group's UK companies as a whole.

The most recent actuarial valuation of the Scheme was at 31 December 2007. The most recent actuarial valuation has been reviewed and updated as at 31 December 2009 to take account of the requirements of FRS17 'Retirement Benefits', in order to assess the liabilities of the Scheme at 31 December 2009.

The Directors consider that the share of the Scheme's underlying assets and liabilities attributable to the Company's employees cannot be separately identified as several Group companies participate in the Scheme. Accordingly all Scheme assets and liabilities are included on the balance sheet of Willis Limited. The Scheme showed an overall surplus after tax of \$72 million (£45 million) at 31 December 2009 compared with an overall surplus after tax of \$96 million (£66 million) at 31 December 2008. Company funded contributions were made at the rate of 14.8% of pensionable earnings in 2009 compared with 14.3% in 2008. In addition, the Scheme contributions increased to the rate of 8% in 2008 and remained at that level in 2009 for all employed members.

Full disclosures for the Scheme under FRS17 are included in the financial statements of Willis Limited.

The Scheme was closed to new members from 1 January 2006.

Defined Contribution Scheme

The Company operated a defined contribution scheme for new entrants from 1 January 2006 for which the pension cost charge for the year amounted to £105,000 (2008: £71,000).

13. Related party transactions

FRS8 (paragraph 3(c)) exempts the reporting of transactions between group companies in the financial statements of companies that are wholly owned within the group. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.