

WILLIS EMPLOYEE BENEFITS LIMITED

(Registered Number 5641509)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Directors

A Powis
N Perry
P Owens (appointed 16 May 2013)

Secretary

AC Peel

Registered Office

51 Lime Street
London EC3M 7DQ

Auditor

Deloitte LLP
London

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WILLIS EMPLOYEE BENEFITS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Company activities and review of developments

The Company provides employee benefits services including the design, implementation, communication and administration of employee benefit 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.

The Company was regulated by the Financial Services Authority ("FSA") up to 31 March 2013, thereafter by the Financial Conduct Authority ("FCA").

There have been no significant changes in the Company's principal activities in 2013. 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 11 February 2013 the Company issued 3,000 ordinary shares of £1 each at a premium of £99 per share to its parent company Willis Faber Limited.

Results

The profit on ordinary activities after taxation amounted to £382,000 (2012: loss of £309,000) as shown in the profit and loss account on page 10. The increased profit is attributable to:

- £376,000 increase in brokerage and fees;
- £440,000 decrease in salaries and benefits, primarily as a result of higher costs in 2012 driven by a change in the Company's remuneration policy in that year; and
- £110,000 decrease in other operating expenses,

offset by:

- £219,000 increase in taxation; and
- £16,000 decrease in foreign exchange gain.

Balance sheet

The balance sheet on page 11 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £682,000 as a result of:

- Profit after tax of £382,000; and
- New capital issued of £300,000.

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.

WILLIS EMPLOYEE BENEFITS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

Principal risks and uncertainties

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. The Group's treasury function takes out contracts to manage this risk at a Group level.

The Company is subject to regulation from the FCA in relation to its insurance mediation activities. The FCA has prescribed the methods by which the Company's insurance and reinsurance operations are to conduct business including the rules governing how the Company holds client assets. The FCA has a wide range of rule-making, investigatory and enforcement powers aimed at meeting its overall aim of ensuring firms deliver appropriate outcomes for consumers.

The change of regulator from the FSA to the FCA (on 1 April 2013) signals a change in focus of regulation for the company. The new regulator's objectives are:

- securing an appropriate degree of protection for consumers;
- protecting and enhancing the integrity of the UK financial system; and
- promoting effective competition in the interests of consumers.

The Company faces increased regulatory risk as a result of this change in regulatory focus. The Company's failure, or that of its employees, to satisfy the FCA that we are in compliance with their requirements or the legal requirements governing our activities, can result in disciplinary actions, fines, reputational damage and financial harm.

The Company is also subject to rules and legislation governing money laundering, bribery and corruption and competition. The Company has established its procedures to ensure that it is in compliance with these rules. However, should the Company fail to comply with the requirements, this failure may result in disciplinary actions, fines, reputational damage and financial harm. These rules and legislation impact the Company's global operations. From time to time the rules and legislation are subject to change which may impact the Company's operations.

To mitigate these risks the Company's legal, risk and compliance departments have established a framework to ensure compliance with all regulatory requirements which include detailed guidance on the standards to which employees must adhere. Reviews and audits of compliance with this guidance are carried out on a regular basis by both compliance and internal audit. The Company is maintaining close contact with the FCA in order to manage the increased risks faced due to the change in regulatory focus. The Company also monitors changes to the rules and legislation covering its operations and implements changes to its operations to reflect those changes.

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

Environment

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

Employees

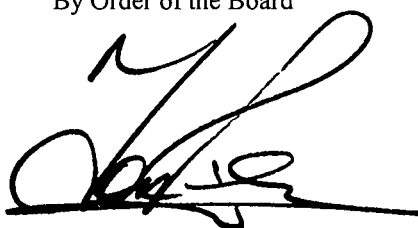
Details of the number of employees and related costs can be found in note 4 to the financial statements on pages 15 to 16.

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

WILLIS EMPLOYEE BENEFITS LIMITED**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)****Employees (continued)**

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

By Order of the Board

A large, stylized handwritten signature in black ink, appearing to be 'A Powis', written over a horizontal line.

A Powis
Director
51 Lime Street
London EC3M 7DQ

10th July 2014

WILLIS EMPLOYEE BENEFITS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2013.

Strategic report

The Directors have approved the content of the Company's strategic report prepared in accordance with S414C(11) of the Companies Act. The report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2013, along with the principal risks faced in achieving its future objectives.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 13.

Dividends

No interim dividend was paid in the year (2012: £nil). The Directors do not recommend the payment of a final dividend (2012: £nil).

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. P Owens was appointed with effect from 16 May 2013. There were no other changes in Directors during the year or after the year end.

Statement of Directors' responsibilities in relation to the financial statements

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WILLIS EMPLOYEE BENEFITS LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)****Disclosure of information to the auditor**

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

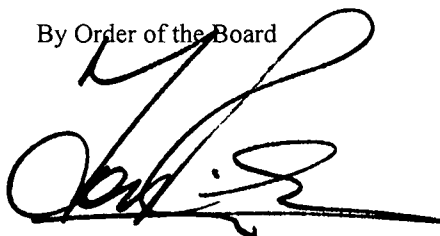
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By Order of the Board

A large, stylized handwritten signature in black ink, appearing to read 'A Powis', is written over a horizontal line.

A Powis
Director
51 Lime Street
London EC3M 7DQ

10th July 2014

INDEPENDENT AUDITOR'S 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 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS 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 Auditor
London, UK



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WILLIS EMPLOYEE BENEFITS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013**

| | Notes | 2013 £000 | 2012 £000 |
|---|-------|--------------|--------------|
| Turnover | 2 | 3,665 | 3,289 |
| Operating expenses | | (3,169) | (3,719) |
| Operating income – foreign exchange gain | | 6 | 22 |
| Operating profit/(loss) and profit/(loss) on ordinary activities before taxation | 3 | 502 | (408) |
| Tax (charge)/credit on profit/(loss) on ordinary activities | 6 | (120) | 99 |
| Profit/(loss) on ordinary activities after taxation | | 382 | (309) |

All activities derive from continuing operations.

There are no recognised gains or losses in either 2013 or 2012 other than the profit/loss for those years.

WILLIS EMPLOYEE BENEFITS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2013**

| | Notes | 2013 £000 | 2012 £000 |
|--|-------|--------------|--------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 1,067 | 671 |
| Deposits and cash | | 528 | 594 |
| | | <u>1,595</u> | <u>1,265</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 8 | (533) | (875) |
| Total assets less current liabilities | | 1,062 | 390 |
| Provisions for liabilities | 9 | - | (10) |
| Net assets | | 1,062 | 380 |
| Capital and reserves | | | |
| Called up share capital | 10 | 13 | 10 |
| Share premium | 11 | 297 | - |
| Profit and loss account | 11 | 752 | 370 |
| Shareholders' funds | | 1,062 | 380 |

The financial statements of Willis Employee Benefits Limited, registered company number 5641509, were approved by the Board of Directors and authorised for issue on 10th July 2014 and signed on its behalf by:



N Perry
Director

WILLIS EMPLOYEE BENEFITS LIMITED**MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2013**

| Movements in shareholders' funds | Notes | 2013 £000 | 2012 £000 |
|---|--------------|----------------------|----------------------|
| Profit/(loss) on ordinary activities after taxation | | 382 | (309) |
| New ordinary shares issued | 10 | 3 | - |
| Share premium on ordinary shares issued | 11 | 297 | - |
| Net movements in shareholders' funds for the year | | 682 | (309) |
| Shareholders' funds at beginning of year | | 380 | 689 |
| Shareholders' funds at end of year | | 1,062 | 380 |

WILLIS EMPLOYEE BENEFITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies

Basis of preparation

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

The financial statements have been prepared:

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

In accordance with their duties set out in the Financial Services and Markets Act and the FCA's 'Condition 2.4' the Directors have conducted enquiries into the nature and quality of the assets, liabilities, and cash that make up the Company's capital. Furthermore the Directors' enquiries extend to the Company's relationship with the Group and external parties on a financial and non-financial level. Having assessed the responses to their enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Willis Group to continue as a going concern or its ability to repay loans due to the Company from time to time.

As a consequence of the enquiries the Directors have a reasonable expectation that the Company has 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.

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 commission and fees for services rendered. Commission and fees negotiated are recognised at the later of policy inception date or when the policy placement is complete. Other consulting fees are recognised as earned.

Revenue is stated net of VAT where applicable.

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 or, in the case of forward contracts in respect of current year income, at the contracted rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

WILLIS EMPLOYEE BENEFITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

1. Accounting policies (continued)

Pension costs

The Group has a defined benefit pension scheme and a defined contribution pension scheme in the UK. The defined benefit scheme was closed to new entrants in January 2006. New entrants are now offered the opportunity to join a defined contribution scheme.

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 the balance sheet of Willis Limited, a subsidiary undertaking of the Group.

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.

Errors and omission provisions

Provisions comprise estimates for liabilities which may arise from actual and potential claims for errors and omissions.

Cash flow statement

Under FRS1 'Cash flow statements' the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the Company is a 90 per cent or more owned subsidiary undertaking and the consolidated cash flow statement that is prepared at Group level is publicly available.

WILLIS EMPLOYEE BENEFITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)****2. Turnover**

The table below analyses the Company's commissions 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. Commissions and fees are attributable to continuing operations.

| | 2013 £000 | 2012 £000 |
|-----------------------------|--------------|--------------|
| Commissions and fees | | |
| United Kingdom | 3,665 | 3,289 |

3. Operating profit/(loss)

Auditor's remuneration of £7,800 (2012: £7,800) was borne by another Group company.

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| 4. Employee costs | | |
| Salaries | 1,692 | 2,002 |
| Social security costs | 175 | 294 |
| Other pension costs | 155 | 166 |
| | 2,022 | 2,462 |
| Of which, one-off impact of change in compensation policy | - | 480 |

| | 2013 Number | 2012 Number |
|---|----------------|----------------|
| Number of employees – average for the period | | |
| Producer | 14 | 14 |
| Client services | 10 | 8 |
| Management / administration services | 3 | 4 |
| | 27 | 26 |

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

WILLIS EMPLOYEE BENEFITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

4. Employee costs (continued)

Cash retention awards

In previous years, Willis Group Holdings plc (the 'Group') made annual cash retention awards to its employees under its annual incentive programs. Employees were required to repay a proportionate amount of these awards if they voluntarily left the Group's employ (other than in the event of retirement or permanent disability) before a certain time period, typically up to three years. The Group made cash payments to its employees in the year it granted these retention awards and recognised these payments ratably over the period they were subject to repayment, beginning in the quarter in which the award was made. The unamortised portion of cash retention awards was recorded within prepayments and accrued income. In December 2012, the Group decided to eliminate the repayment requirement from the past annual cash retention awards and, as a result, the Company wrote off the unamortised balance of past awards of £307,000 in 2012.

Cash bonuses

The Group has replaced annual cash retention awards with annual cash bonuses which will not include a repayment requirement. The Company has accrued £196,000 for these 2013 cash bonuses to be paid in 2014 (2012: £173,000 accrued for 2012 cash bonuses paid in 2013).

The following table sets out the amount of cash / retention awards made for the years ended 31 December 2013 and 2012:

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Cash bonuses / retention awards made | 75 | 269 |
| Amortisation of cash retention awards included in salaries | - | 294 |

WILLIS EMPLOYEE BENEFITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)**

| 5. Directors' remuneration | 2013 £000 | 2012 £000 |
|--|------------------------|------------------------|
| Emoluments, (excluding pension contributions, benefits and long-term incentive awards) | 222 | 207 |
| Benefits | 6 | 7 |
| Pension contributions | 20 | 13 |
| | 248 | 227 |
| Highest paid Director: | | |
| Emoluments, (excluding pension contributions and long-term incentive awards) | 222 | 207 |
| Benefits | 6 | 7 |
| Pension contributions | 20 | 13 |
| | 248 | 227 |
| Accrued annual defined benefit pension relating to highest paid Director | 18 | 16 |
| | 2013 Number | 2012 Number |
| Directors exercising share options | 1 | - |
| Directors receiving shares under long-term incentive plans | 1 | 1 |
| Directors eligible for defined benefit pension schemes | 1 | 1 |

Two directors are remunerated by other Group companies with no part of their remuneration allocated to the Company. As such no disclosure of their remuneration has been made.

WILLIS EMPLOYEE BENEFITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

| 6. Tax on profit/(loss) on ordinary activities | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| <i>(a) Analysis of charge/(credit) for the year</i> | | |
| Current tax: | | |
| UK corporation tax on profit/loss at 23.25% (2012: 24.5%) | 120 | (99) |
| Total current tax (note 6(b)) | 120 | (99) |

(b) Factors affecting current tax for the year

The tax assessed for the year is higher (2012: higher) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

| | | |
|---|-----|-------|
| Profit/(loss) on ordinary activities before taxation | 502 | (408) |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%) | 117 | (100) |
| Effects of: | | |
| Amounts not deductible for tax purposes | 3 | 1 |
| Total current tax charge/(credit) for the year (note 6(a)) | 120 | (99) |

(c) Circumstances affecting current and future tax charges

The Finance Act 2012, which was substantively enacted on 3 July 2012, included provisions to reduce the rate of UK corporation tax to 24% with effect from 1 April 2012 and to 23% with effect from 1 April 2013.

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

| 7. Debtors: amounts falling due within one year | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Trade debtors | 772 | 572 |
| Amounts owed by Group undertaking in respect of corporation tax group relief | - | 99 |
| Other amounts owed by Group undertaking | 280 | - |
| Prepayments and accrued income | 15 | - |
| | 1,067 | 671 |

WILLIS EMPLOYEE BENEFITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)**

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| 8. Creditors: amounts falling due within one year | | |
| Amounts owed to Group undertaking | 191 | 672 |
| Amounts owed to Group undertaking in respect of corporation tax group relief | 120 | - |
| Other creditors | - | 10 |
| Accruals and deferred income | 222 | 193 |
| | 533 | 875 |

| | Errors and omissions £000 |
|--------------------------------------|---------------------------------|
| 9. Provisions for liabilities | |
| 1 January 2013 | 10 |
| Charged to profit and loss account | 9 |
| Utilised in the year | (19) |
| 31 December 2013 | - |

Errors and omissions provision:

The provision comprises estimates for liabilities that may arise from actual and potential claims for errors and omissions.

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| 10. Called up share capital | | |
| Allotted, called up and fully paid | | |
| 13,000 (2012: 10,000) ordinary shares of £1 each | 13 | 10 |

On 11 February 2013 the Company issued 3,000 ordinary shares of £1 each at a premium of £99 per share to its parent company Willis Faber Limited.

WILLIS EMPLOYEE BENEFITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

| 11. Reserves and shareholders' funds | Share capital £000 | Share premium £000 | Profit and loss account £000 | Total £000 |
|--|-----------------------|-----------------------|---------------------------------|---------------|
| 1 January 2013 | 10 | - | 370 | 380 |
| Profit on ordinary activities after taxation | - | - | 382 | 382 |
| New ordinary shares issued | 3 | 297 | - | 300 |
| 31 December 2013 | 13 | 297 | 752 | 1,062 |

12. Pensions

Defined Benefit Scheme

Certain staff working for 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 contractually 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 2010. The most recent actuarial valuation has been reviewed and updated as at 31 December 2013 to take account of the requirements of FRS17 'Retirement Benefits', in order to assess the liabilities of the Scheme at 31 December 2013.

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 \$254.2 million (£153.5 million) at 31 December 2013 compared with an overall surplus after tax of \$136 million (£83.8 million) at 31 December 2012. Company funded contributions were made at the rate of 14% of basic salaries in 2013 compared with 14.4% in 2012. In addition, the Scheme contributions were 10% in 2013 and 2012 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 £129,000 (2012: £123,000).

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.