WILLIS EMPLOYEE BENEFITS LIMITED

Registered Number 5641509

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

Directors

Executive Directors
I Rinck
KJ Newman

Registered Office

51 Lime Street
London, EC3M 7DQ

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

WILLIS EMPLOYEE BENEFITS LIMITED

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Company activities and review of developments

The Company has provided 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 Towers Watson plc. Willis Towers Watson plc, together with its subsidiaries ('WTW'), is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. Until its de-registration on 26 January 2018, the Company was regulated by the Financial Conduct Authority ('FCA'). The Company is domiciled and incorporated in the UK.

The merger on 4 January 2016 between the Willis Group Holdings plc group and the Towers Watson & Co. group formed the combined Willis Towers Watson plc group, offering a wider portfolio of insurance broking and health and benefits advisory products and services to clients. To allow the Company's clients to take advantage of the wider activities of WTW, it was identified that the Company's insurance broking related activities and health benefit advisory activities would be better served by merging them with the complementary activities within fellow group companies Willis Limited and Towers Watson Limited respectively.

On 16 March 2017, the Directors approved the sale of new and renewal employee benefit broking and advisory activities within the Company to Willis Limited, a fellow group undertaking, for proceeds of £4,009,500 and the sale of new and renewal retirement and pension derived activities within the Company to Towers Watson Limited, a fellow group undertaking, for proceeds of £1,087,500. Both sales were completed on 22 March 2017. No assets or liabilities were transferred as part of this arrangement, and no costs were incurred in relation to these transactions.

Following the sale of these new and renewal businesses, the Company ceased to take on new business and will manage the run-off of its historic portfolio of business.

Results

The profit on ordinary activities after taxation amounted to £5,552,000 (2016: loss of £726,000) as shown in the income statement on page 11. The increase is attributable to:

- £5,097,000 as a result of the book of business disposals as above;
- £4,235,000 reduction in operating expenses;
- £99,000 favourable movement in foreign exchange; and
- £7,000 increase in interest receivable,

partly offset by:

- £2,871,000 reduction in turnover; and
- £289,000 increase in tax.

Balance sheet

The balance sheet on page 12 of the financial statements shows the Company's financial position at the year end. Shareholder's equity has increased by £455,000, reflecting the Company's profit for the year as above, less dividend paid.

WTW 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 WTW, which includes the Company, is discussed in WTW's financial statements which do not form part of this report.

Company activities and review of developments (continued)

Operational improvement program

In April 2014, WTW announced an operational improvement program that would allow WTW to continue to strengthen its client service, realise operational efficiencies, and invest in new capabilities for growth.

The main elements of the program include the following:

- movement of support roles from higher cost locations to facilities in lower cost locations;
- net workforce reductions in support positions; and
- lease consolidation in real estate and information technology systems simplification and rationalisation.

The program began in the second quarter of 2014 and was completed during 2017. During 2017, the Company incurred no costs in relation to the program.

Principal risks and uncertainties

The Board considers the risks and uncertainties on a periodic basis including assessment of risk appetite and monitoring of risk against that appetite.

The principal risks and uncertainties facing the Company are:

Exposure to WTW

The Company is a wholly-owned subsidiary of WTW. WTW is a leading global advisory, broking and solutions company, is listed on the NASDAQ and has net assets at 31 December 2017 of US$10.3 billion.

The Company is executing WTW's strategy, which will involve change to the organisation and operations of the Company. The Company is also dependent upon its ultimate parent company and WTW for ongoing support in a wide range of areas, including the provision of operational and technology services and delivery of a number of key projects and initiatives. The Company also deposits surplus funds with WTW.

The Company is exposed to additional risks by virtue of being part of the wider group, including those relating to the vote in the United Kingdom to leave the European Union and the subsequent invocation of Article 50 of the Treaty of Lisbon on 29 March 2017. These risks have been discussed in WTW's consolidated financial statements which do not form part of this report.

Currency Risk (Fx)

The Company earns its brokerage and fees in various currencies other than pounds sterling, its functional currency, and is therefore exposed to movement in exchange rates. WTW's treasury function takes out contracts to manage this risk at a group level.

Credit Risk

Credit risk is the risk that counterparties may not be able to repay amounts in full when due. This risk arises in respect of amounts due from clients and insurers in respect of commissions and fees not yet received. It also arises in respect of cash.

Commissions and fees not yet received are monitored closely to minimise the time taken to collect.

Principal risks and uncertainties (continued)

Data Security Risk

Computer viruses, cyber attack and other external hazards, as well as improper or inadvertent staff behaviour, could expose confidential company and personal data systems to security breaches. Additionally, one of the Company's significant responsibilities is to maintain the security and privacy of our clients' confidential and proprietary information and the personal data of their employees. These increased risks, and expanding regulatory requirements regarding data security, could expose the Company to data loss, monetary and reputational damages and significant increases in compliance costs.

With respect to the Company's commercial arrangements with third-party vendors, we have processes designed to require third-party IT outsourcing, offsite storage and other vendors to agree to maintain certain standards with respect to the storage, protection and transfer of confidential, personal and proprietary information. However, the Company remains at risk of a data breach due to the intentional or unintentional non-compliance by a vendor's employee or agent, the breakdown of a vendor's data protection processes, or a cyber attack on a vendor's information systems. Further, the potential impact of a data breach of the Company's third-party vendors' systems increases as we move more of the Company's and its clients' data into our vendors' cloud storage, we engage in IT outsourcing or we consolidate the group of third-party vendors that provide cloud storage or other IT services for the Company.

The Company maintains policies, procedures and technological safeguards designed to protect the security and privacy of our information. However, we cannot entirely eliminate the risk of data security breaches, improper access to or disclosure of confidential company or personally identifiable information. Our technology may fail to adequately secure the private information the Company holds and protect it from theft, computer viruses, hackers or inadvertent loss. In such circumstances, the Company may be held liable to its clients, which could result in legal liability or impairment to the Company's reputation resulting in increased costs and/or loss of revenue.

Environment

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

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements on page 18.

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

By Order of the Board

KJ Newman
Director
51 Lime Street
London EC3M 7DQ

25 June 2018

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Merger with Towers Watson & Co.

On 4 January 2016, pursuant to an Agreement and Plan of Merger, the Willis Group Holdings plc group and the Towers Watson & Co. group combined, with Towers Watson & Co. becoming a wholly-owned subsidiary of Willis Group Holdings plc. Immediately following the merger, Willis Group Holdings plc changed its name to Willis Towers Watson plc. Whilst the Company was not directly affected by this merger, new and renewal business has subsequently been transferred to other Group entities as part of a separate series of transactions as described in the strategic report.

Strategic report

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

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 14.

Dividends

An interim dividend of £5,097,000 was paid in the year (2016: £nil). The Directors do not recommend the payment of a final dividend (2016: £nil).

Employees

It is WTW's policy, in keeping with the legislation in the countries in which it operates, to provide a working environment free from all forms of harassment and discrimination, including discrimination against disabled colleagues, with respect to employment continuity, training, career development and other employment practices.

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. N Perry resigned with effect from 7 April 2017. There were no other changes in Directors during the year or after the year end.

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to the auditor

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

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

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

Auditor

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

By Order of the Board

I Rinck
Director
51 Lime Street
London EC3M 7DQ
25 JUNE 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS EMPLOYEE BENEFITS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

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

We have audited the financial statements of Willis Employee Benefits Limited (the 'company') for the year ended 31 December 2017 which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS EMPLOYEE BENEFITS LIMITED

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Elanor Gill (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
25 June 2018

WILLIS EMPLOYEE BENEFITS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Turnover	3	**1,146**	4,017
Operating expenses		**(631)**	(4,866)
Operating income/(expense) – foreign exchange gain/(loss)	5	**41**	(58)
Operating profit /(loss)	5	**556**	(907)
Profit on disposal of book of business	4	**5,097**	-
Interest receivable and similar income	8	**7**	-
Profit/(loss) on ordinary activities before taxation		**5,660**	(907)
Tax (charge)/credit on profit/(loss) on ordinary activities	9	**(108)**	181
Profit/(loss) for the year		**5,552**	(726)

All activities derive from continuing operations.

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

WILLIS EMPLOYEE BENEFITS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Current assets			
Debtors: amounts falling due within one year	11	**1,226**	851
Deposits and cash		**854**	770
		2,080	1,621
Current liabilities			
Creditors: amounts falling due within one year	12	**(484)**	(480)
Total assets less current liabilities		**1,596**	1,141
Net assets		**1,596**	1,141
Equity			
Called up share capital	13	**13**	13
Share premium account		**297**	297
Retained earnings		**1,286**	831
Shareholder's equity		**1,596**	1,141

The financial statements of Willis Employee Benefits Limited, registered company number 5641509, were approved by the Board of Directors and authorised for issue on 25 June 2018 and signed on its behalf by:

I Rinck
Director

WILLIS EMPLOYEE BENEFITS LIMITED

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

	Notes	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016		13	297	1,557	1,867
Loss for the year		-	-	(726)	(726)
Total comprehensive income for the year		-	-	(726)	(726)
Balance at 31 December 2016		**13**	**297**	**831**	**1,141**
Profit for the year		-	-	5,552	5,552
Total comprehensive income for the year		-	-	5,552	5,552
Dividends to shareholders	10	-	-	(5,097)	(5,097)
Balance at 31 December 2017		**13**	**297**	**1,286**	**1,596**

1. Accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 and, consequently, has prepared these financial statements in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework ('FRS 101').

The financial statements have been prepared on the historical cost basis.

The principal accounting policies adopted are set out below.

Disclosure exemptions

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

Going concern

The Company's business activities and the factors likely to affect its future development and position are set out in the Strategic Report. The Company's financial projections indicate that it will generate positive cash flows on its own account for the foreseeable future. The Company deposits its excess own cash funds with WTW's centralised treasury function and so shares banking arrangements with its parent and fellow subsidiaries.

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

Whilst the Company is no longer actively trading, the Directors do not foresee that the Company will enter into liquidation within the next twelve months and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

True and fair view override

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

Parent undertaking and controlling party

The Company's:

- immediate parent company and controlling undertaking is Willis Faber Limited; and
- ultimate parent company is Willis Towers Watson plc, a company incorporated in Ireland, whose registered office is Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland.

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

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

1. Accounting policies (continued)

Revenue recognition

Revenue principally comprises commissions and fees for services rendered. Commissions 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 the services are provided.

Revenue is stated net of VAT and other sales-related taxes 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').

Transactions in currencies other than the functional currency are initially recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange ruling at that date.

Exchange differences are recognised as profit or loss in the period in which they arise.

Pension costs

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

Defined 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.

Certain employees of the Company participate in a group defined benefit pension plan. As there is no contractual agreement or stated policy for charging the net defined benefit pension expense between group companies, the Company recognises as its pension cost the contributions payable under the scheme during the year. Such costs 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 actuarial advice. The pension contribution rates are based on pension costs across WTW's relevant 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.

Share-based payments

The Company's ultimate parent company, Willis Towers Watson plc, issues equity-settled share-based payments to certain employees of the Company under which the Company receives services from employees as consideration for these awards. The awards are granted by Willis Towers Watson plc and the Company has no obligation to settle the awards.

The fair value of the employee service received in exchange for the grant of the awards is recognised as an expense. A credit is recognised directly in equity. The equity-settled share-based payments are measured at fair value at the date of grant and are expensed on a straight-line basis over the vesting period, based on WTW's estimate of shares that will eventually vest.

1. Accounting policies (continued)

Share-based payments (continued)

Fair value of options is typically measured by use of the Black-Scholes pricing model. The expected life of options granted used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Income taxes

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

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

Financial assets and financial liabilities

Financial assets and financial liabilities include cash and cash equivalents, trade debtors and other receivables as well as trade creditors and other payables (including amounts owed to/by group undertakings).

The Company classifies its financial assets and financial liabilities as loans, receivables or payables (including amounts owed by/to group undertakings). The classification is made by management at initial recognition and depends on the purpose for which the financial assets or financial liabilities were entered into.

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

Recent accounting pronouncements adopted in the current period

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

2. Critical accounting judgements and estimates

The preparation of financial statements in conformity with FRS 101 and in the application of the Company's accounting policies, which are described in note 1, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the dates of the financial statements and the reported amounts of revenues and expenses during the year. Judgements, estimates and assumptions are made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. Critical accounting judgements and estimates (continued)

The following are the critical judgements that management has made in the process of applying the Company's accounting policies and/or the key assumptions or sources of uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of loans and receivables

Management judgement is required to assess at the end of each reporting period whether there is any objective evidence that loans and receivables are impaired and, if so, to determine the amount of any impairment loss. See note 11 for the carrying amount of debtors. No impairment loss was recognised in 2017 or 2016.

3. 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.

Turnover	2017 £000	2016 £000
United Kingdom	1,146	4,017

No further segmental analysis has been provided as all business is carried out in the UK.

4. Profit on disposal of book of business	2017 £000	2016 £000
Profit on disposal of book of business	5,097	-

On 22 March 2017, the Company disposed of its employee benefits, broking and consulting business to Willis Limited for a cash consideration of £4,009,500. The Company also disposed of its retirement benefits consulting and advisory business to Towers Watson Limited for a cash consideration of £1,087,500.

5. Operating profit/(loss)	2017 £000	2016 £000
Operating profit/(loss) is stated after charging/(crediting):		
Cost of pension schemes:		
- defined contribution scheme	**48**	207
Net foreign currency exchange differences	**(41)**	58

The foreign exchange gain of £41,000 (2016: loss of £58,000) shown in the income statement is mainly attributable to the fluctuation in the value of pound sterling against the US dollar during the year.

Auditor's remuneration of £12,000 (2016: £9,000) was borne by another group company.

6. Employee costs	2017 £000	2016 £000
Salaries and incentives	**419**	1,947
Social security costs	**45**	247
Pension costs - defined contribution scheme	**48**	207
Net employee costs	**512**	2,401

Number of employees – average for the period	2017 Number	2016 Number
Producer	**2**	8
Client services	**5**	20
Management/administration services	**1**	2
	8	30

The staff working for the Company are contractually employed by other subsidiary undertakings of Willis Towers Watson plc. Until 22 March 2017, the Company bore the cost of the salaries, social security payments and pension contributions relating to such staff.

With effect from 22 March 2017, following the disposal of the Company's employee benefits broking and consulting business, all staff costs were borne by other group companies.

7. Directors' remuneration	2017 £000	2016 £000
Emoluments (excluding pension contributions, benefits, compensation for loss of office and long-term incentive awards)	-	196
Benefits	-	2
Pension contributions	-	12
Compensation for loss of office	-	88
Amounts receivable under long-term incentive rewards	-	24
	-	322
Highest paid Director:		
Emoluments (excluding pension contributions, benefits, compensation for loss of office and long-term incentive awards)	-	196
Benefits	-	2
Pension contributions	-	12
Compensation for loss of office	-	88
Amounts receivable under long-term incentive rewards	-	24
	-	322

	2017 Number	2016 Number
Directors exercising share options	-	1

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

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

The remuneration for 2016 represents the costs of one Director. Following his resignation, no director was remunerated by the Company in 2017. The remaining Directors are remunerated by other group companies with no part of their remuneration allocated to the Company. As such no disclosure of their remuneration has been made.

8. Interest receivable and similar income	2017 £000	2016 £000
Interest receivable from group undertakings	7	-

9. Tax on profit/(loss) on ordinary activities	2017 £000	2016 £000
(a) Analysis of charge/(credit) for the year		
Current tax:		
UK corporation tax	**109**	(180)
Adjustments in respect of prior periods	**(1)**	(1)
Total current income tax	**108**	(181)
Tax charge/(credit) in the income statement (note 9 (b))	**108**	(181)

(b) Reconciliation of the total tax charge	2017 £000	2016 £000
The tax assessed for the year is lower than (2016: equal to) the standard rate of corporation tax in the UK (19.25%) (2016: 20%). The differences are explained below:		
Profit/(loss) on ordinary activities before taxation	**5,660**	(907)
Tax calculated at UK standard rate of corporation tax of 19.25% (2016: 20%)	**1,090**	(181)
Effects of:		
Permanent differences – Profit on the disposal of book of business (note 4)	**(981)**	-
Amounts not deductible for tax purposes	-	1
Tax overprovided in previous years	**(1)**	(1)
Total tax charge/(credit) reported in the income statement (note 9(a))	**108**	(181)

(c) Change in corporation tax rate

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

10. Dividends paid and proposed	2017 £000	2016 £000
Interim dividend paid 29 June 2017	**5,097**	-

11. Debtors: amounts falling due within one year	2017 £000	2016 £000
Trade debtors	**221**	658
Amounts owed by group undertakings	**1,005**	-
Prepayments and accrued income	**-**	13
Amounts owed by group undertakings in respect of UK corporation *taxation group relief*	**-**	180
	1,226	851

12. Creditors: amounts falling due within one year	2017 £000	2016 £000
Trade creditors	**263**	-
Amounts owed to group undertakings	**47**	220
Amounts owed to group undertakings in respect of corporation taxation group relief	**109**	-
VAT payable	**-**	20
Accruals and deferred income	**65**	240
	484	480

13. Called up share capital	2017 £000	2016 £000
Allotted, called up and fully paid		
13,000 (2016: 13,000) ordinary shares of £1 each	**13**	13

14. 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 Towers Watson 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 WTW's UK companies as a whole.

The most recent actuarial valuation of the Scheme was at 31 December 2016. The most recent actuarial valuation has been reviewed and updated as at 31 December 2017, in order to assess the liabilities of the Scheme at 31 December 2017.

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.

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

The Scheme was closed to new entrants in January 2006.

Defined Contribution Scheme

The Company has operated a defined contribution scheme for new entrants since 1 January 2006, for which the pension cost charge for the year amounted to £48,000 (2016: £207,000).

15. Related party transactions

FRS 101 (paragraph 8(k)) exempts the reporting of transactions between group companies in the financial statements of companies that are wholly owned within WTW. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.