

HILB ROGAL & HOBBS UK HOLDINGS LIMITED

(Registered Number 06019027)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Directors

SE Wood

SP Hearn (appointed 1 January 2012)

OHW Goodinge (appointed 22 March 2012)

Secretary

Willis Corporate Secretarial Services Limited

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte LLP
London

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2011

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Principal activities and review of developments

The Company acts as a holding company and 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

Results

The loss on ordinary activities after taxation amounted to £22,954,000 (2010 profit of £76,000) as shown in the profit and loss account on page 6. The loss is largely the result of an impairment charge of £23,000,000 relating to the write down of the Company's investment in Faber Global Limited (formally Glencairn Limited) and Glencairn UK Holdings Limited, indirect subsidiaries of the Company. These investments were subsequently sold on 20 February 2012 by Glencairn Group Limited, the Company's immediate subsidiary undertaking, to Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings plc

The Directors do not anticipate any changes in the Company's position for the foreseeable future

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 9

Dividends

No interim dividend was paid during the year (2010 £nil). The Directors do not recommend the payment of a final dividend (2010 £nil)

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. GJ Millwater resigned as Director of the Company on 31 December 2011. SP Hearn and OHW Goodinge were appointed with effect from 1 January 2012 and 22 March 2012 respectively. There were no other changes in Directors during the year or after the year end

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**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.

Disclosure of information to auditors

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 auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information 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.

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



SE Wood
Director
51 Lime Street
London EC3M 7DQ

11 July 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILB ROGAL & HOBBS UK HOLDINGS LIMITED

We have audited the financial statements of Hilb Rogal & Hobbs UK Holdings Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of 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 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. 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 2011 and of its loss 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 AUDITOR'S REPORT TO THE MEMBERS OF HILB ROGAL & HOBBS UK HOLDINGS 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



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

18 July 2012

HILB ROGAL & HOBBS UK HOLDINGS LIMITED**6****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £000	2010 £000
Operating income		22	106
Operating profit		22	106
Amounts written off fixed asset investments	2	(23,000)	-
(Loss)/profit on ordinary activities before taxation	2	(22,978)	106
Tax credit/(charge) on (loss)/profit on ordinary activities	5	24	(30)
(Loss)/profit on ordinary activities after taxation		(22,954)	76

All activities derive from continuing operations

There are no recognised gains or losses in either 2011 or 2010 other than the (loss)/profit for those years

HILB ROGAL & HOBBS UK HOLDINGS LIMITED

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BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	2011 £000	2010 £000
Fixed assets			
Investments	6	18,442	41,442
		<u>18,442</u>	<u>41,442</u>
Current assets			
Debtors amounts falling due within one year	8	-	439
		<u>-</u>	<u>439</u>
Current liabilities			
Creditors amounts falling due within one year	9	(7,200)	(7,685)
Net current liabilities		<u>(7,200)</u>	<u>(7,246)</u>
Total assets less current liabilities		<u>11,242</u>	<u>34,196</u>
Net assets		<u>11,242</u>	<u>34,196</u>
Capital and reserves			
Called up share capital	10	2,156	2,156
Capital contribution	11	20,000	20,000
Share premium	11	14,000	14,000
Profit and loss account	11	(24,914)	(1,960)
Shareholders' funds		<u>11,242</u>	<u>34,196</u>

The financial statements of Hilb Rogal & Hobbs UK Holdings Limited, registered company number 06019027, were approved by the Board of Directors and authorised for issue on 11 July 2012 and signed on its behalf by



SE Wood
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2011

Movement in shareholders' funds	2011 £000	2010 £000
(Loss)/profit on ordinary activities after taxation	(22,954)	76
Net movement in shareholders' funds for the year	(22,954)	76
Shareholders' funds at beginning of year	34,196	34,120
Shareholders' funds at end of year	11,242	34,196

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**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. The expectation is based on the following reasons:

- the Company is an intermediate holding company within the Willis Group,
- while the Company has net current liabilities of £7,200,000 (2010: £7,246,000) this amount is attributable to a net intercompany creditor. If the Company were required to settle this creditor balance, the Group would arrange alternative funding, and
- the Directors believe the Willis Group is a going concern.

For these reasons, the Directors 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 TAI Limited, and
- ultimate parent company is Willis Group Holdings plc, a company incorporated in 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 Group Holdings plc, whose financial statements are available to members of the public from the Company Secretary, 51 Lime Street, London EC3M 7DQ.

Fixed asset investments

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

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

2 (Loss)/profit on ordinary activities before taxation

The loss is largely the result of an impairment charge of £23,000,000 relating to the write down of the Company's investment in Faber Global Limited (formally Glencairn Limited) and Glencairn UK Holdings Limited, indirect subsidiaries of the Company. These investments were subsequently sold on 20 February 2012 by Glencairn Group Limited, the Company's immediate subsidiary undertaking, to Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings plc.

Auditors' remuneration of £5,000 (2010 £5,000) was borne by another Group company

3. Employee costs

The Company employed no staff during the year (2010 none)

4. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2010 £nil)

5. Tax on (loss)/profit on ordinary activities

2011	2010
£000	£000

(a) Analysis of (credit)/charge for the year**Current tax**

UK corporation tax on (loss)/profit at 26.5% (2010 28%)

6	30
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Adjustments in respect of prior periods

(30)	-
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Total current tax (credit)/charge

(24)	30
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(b) Factors affecting current tax for the year

The tax assessed for the year is higher than (2010 equal to) the standard rate of corporation tax in the UK (26.5%) (2010 28%). The differences are explained below

(Loss)/profit on ordinary activities before taxation

(22,978)	106
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(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 28%)

(6,089)	30
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Effects of

Amounts written off fixed asset investments

6,095	-
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Adjustments to tax charge in respect of prior years

(30)	-
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Total current tax (credit)/charge for the year (note 5(a))

(24)	30
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(c) Circumstances affecting current and future tax charges

The Government announced on 23 March 2011 that it intended to reduce the rate of UK corporation tax from 28% to 23% over four years. Consequently the Finance Act 2011, which was substantively enacted on 19 July 2011, included provisions to reduce the rate of UK corporation tax to 26% with effect from 1 April 2011 and to 25% with effect from 1 April 2012.

On 21 March 2012, the Government proposed further legislation to reduce the rate of UK corporation tax to 24% with effect from 1 April 2012, 23% from 1 April 2013 and 22% from 1 April 2014. As these changes were not substantively enacted at the balance sheet date, their impact is not reflected in the tax provisions reported in these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

6 Investments held as fixed assets

	Subsidiary undertakings £000
<i>Cost</i>	
1 January 2011 and 31 December 2011	41,442
<i>Provisions</i>	
1 January 2011	-
Charge for the year	(23,000)
31 December 2011	(23,000)
<i>Net book value 31 December 2011</i>	18,442
Net book value 31 December 2010	41,442

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

At 31 December 2011, the Company wrote down its investment in Faber Global Limited (formally Glencairn Limited) and Glencairn UK Holdings Limited to its estimated value by £23,000,000. On 20 February 2012, investments in Faber Global Limited (formally Glencairn Limited) and Glencairn UK Holdings Limited were sold to Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings plc, by Glencairn Group Limited, the Company's immediate subsidiary undertaking.

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

7. Shares in subsidiary undertakings

The principal subsidiary undertakings at 31 December 2011 were

	Percentage of share capital held	Class of share	Country of incorporation
<i>Holding Company</i>			
Glencairn Group Limited *	100%	Ordinary of £0.001 each and 'A' ordinary of £0.001 each	United Kingdom
Glencairn UK Holdings Limited	100%	See note (i) below	United Kingdom
<i>Insurance Broking</i>			
Faber Global Limited (formally Glencairn Limited)	100%	Ordinary of £1 each	United Kingdom

* Owned directly by Hilb Rogal & Hobbs UK Holdings Limited, all other undertakings are indirectly held. All undertakings operate principally in the country of their incorporation. On 20 February 2012, investments in the indirect subsidiary undertakings were sold to Willis Limited, a fellow subsidiary undertaking of Willis Group Holding plc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

7. Shares in subsidiary undertakings (continued)

(i) The investment in Glencarn UK Holdings Limited consists of a 100% holding of the following shares

Type of share	Number of shares held
Ordinary share of £1 each	3,176,001
Ordinary share of £1,500 each	1,000
"B" Class Share of 0.01p each	32,500
"C" Class Share of 0.01p each	10,000
"D" Class Share of 0.01p each	500,000
"E" Class Share of 0.01p each	49,000
"F" Class Share of 0.01p each	40,000
"G" Class Share of 0.01p each	3,000

The Company is exempt from the obligation to prepare group financial statements in accordance with Section 400 of the Companies Act 2006 as the Company is a wholly-owned subsidiary of Willis Group Holdings plc, in whose financial statements it is consolidated. These financial statements relate to the Company only and not to its Group.

8. Debtors	2011 £000	2010 £000
<i>Amounts falling due within one year</i>		
Amounts owed by Group undertaking	-	439
	-	439

9. Creditors: amounts falling due within one year	2011 £000	2010 £000
Amounts owed to Group undertaking	7,194	7,632
Amounts owed to Group undertaking in respect of group relief	6	30
Other creditors	-	23
	7,200	7,685

10. Called up share capital	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
2,155,862 (2010: 2,155,862) ordinary shares of £1 each	2,156	2,156

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

11. Reserves and shareholders' funds	Share capital £000	Share premium £000	Capital contribution £000	Profit and loss account £000	Total £000
1 January 2011	2,156	14,000	20,000	(1,960)	34,196
Loss on ordinary activities after taxation	-	-	-	(22,954)	(22,954)
31 December 2011	2,156	14,000	20,000	(24,914)	11,242

On 1 October 2009 Hilb Rogal & Hobbs Company agreed to waive a £20 million loan due from the Company. This waiver is treated as a contribution to the Company.

12 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.

13 Events after the balance sheet date

On 20 February 2012, investments in Faber Global Limited (formally Glencairn Limited) and Glencairn UK Holdings Limited were sold to Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings plc, by Glencairn Group Limited, the Company's immediate subsidiary undertaking.