

HILB ROGAL & HOBBS UK HOLDINGS LIMITED

(Registered Number 06019027)

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

Directors

GJ Millwater
SE Wood (appointed 6 April 2010)

Secretary

Willis Corporate Secretarial Services Limited

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte LLP
London

TUESDAY



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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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

Principal activities and review of developments

The Company 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.

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

Results

The loss on ordinary activities after taxation amounted to £131k (2008: £602k) as shown in the profit and loss account on page 6.

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

Dividends

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

The balance sheet on page 7 of the financial statements shows the Company's financial position at the year end.

Enhanced Business Review

The Directors' Report is not required to include an enhanced business review. Advantage has been taken of the provisions of Section 415A of the Companies Act 2006.

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. PC Regan resigned as Director of the Company on 19 February 2010. SE Wood was appointed with effect from 6 April 2010. There were no other changes in Directors during the year or after the year end.

Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing their annual report and the financial statements in accordance with applicable law and regulations for each financial year. The Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to

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

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

Statement of Directors' responsibilities in relation to the financial statements (continued)

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

Disclosure of information to auditors

Each current Director of the Company confirms that

- so far as he is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

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

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
21st September 2010

51 Lime Street
London EC3M 7DQ

INDEPENDENT AUDITORS' 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 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds 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 (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 13 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its 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 AUDITORS' 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 Auditors
London
United Kingdom
21 September 2010

HILB ROGAL & HOBBS UK HOLDINGS LIMITED**6****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009**

| | Note | 2009 £000 | 2008 £000 |
|--|------|--------------|--------------|
| Operating expenses | | (1) | - |
| Operating loss | 2 | (1) | - |
| Finance charges, net | 5 | - | (788) |
| Loss on ordinary activities before taxation | | (1) | (788) |
| Tax (charge)/credit on loss on ordinary activities | 6 | (130) | 186 |
| Loss on ordinary activities after taxation | | (131) | (602) |

All activities derive from continuing operations

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

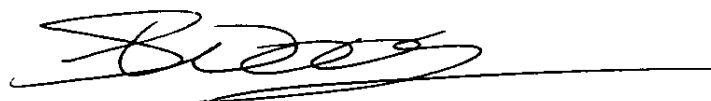
HILB ROGAL & HOBBS UK HOLDINGS LIMITED

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BALANCE SHEET AS AT 31 DECEMBER 2009

| | Note | 2009 £000 | 2008 £000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Investments | 7 | <u>41,442</u> | <u>41,442</u> |
| Current assets | | | |
| Debtors amounts falling due within one year | 9 | <u>439</u> | <u>625</u> |
| Current liabilities | | | |
| Creditors amounts falling due within one year | 10 | <u>(7,761)</u> | <u>(316)</u> |
| Net current (liabilities)/assets | | <u>(7,322)</u> | <u>309</u> |
| Total assets less current liabilities | | 34,120 | 41,751 |
| Provisions for liabilities | 11 | <u>-</u> | <u>(7,500)</u> |
| Net assets | | 34,120 | 34,251 |
| Capital and reserves | | | |
| Called up share capital | 12 | <u>2,156</u> | <u>2,156</u> |
| Capital contribution | 13 | <u>20,000</u> | <u>20,000</u> |
| Share premium | 14 | <u>14,000</u> | <u>14,000</u> |
| Profit and loss account | 14 | <u>(2,036)</u> | <u>(1,905)</u> |
| Shareholders' funds | | 34,120 | 34,251 |

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 21st September 2010 and signed on its behalf by



SE Wood
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDING 31 DECEMBER 2009

| Movement in shareholders' funds | 2009 £000 | 2008 £000 |
|--|----------------------|----------------------|
| Loss on ordinary activities after taxation | (131) | (602) |
| Capital contribution | - | 20,000 |
| New ordinary shares issued | - | 2,156 |
| Net movement in shareholders' funds for the year | (131) | 21,554 |
| Shareholders' funds at beginning of year | 34,251 | 12,697 |
| Shareholders' funds at end of year | 34,120 | 34,251 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**1. Accounting policies****Basis of preparation**

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

The financial statements have been prepared

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

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The expectation is based on the following reasons:

- the Company is an intermediate holding company within the Willis Group and indirectly owns substantially all of the trading companies in the Willis Group,
- while the Company has net current liabilities of £7,322k (2008: net assets of £309k) this amount is mainly attributable to a net intercompany creditor. If the Company were required to settle this creditor balance, the Group would arrange for either a dividend from the underlying trading companies to fund the repayment or provide 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.

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

In accordance with Section 401 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.

Finance charges

Interest payable is accounted for on an accruals basis.

Fixed asset investments

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

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

1. Accounting policies (continued)

Taxation

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

Cash flow statement

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

2. Loss on ordinary activities before taxation

Auditors' remuneration of £5,000 (2008 £5,000) was borne by another Group company

3 Employee costs

The Company employed no staff during the year (2008 none)

4. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2008 £nil)

| | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| 5. Finance charges, net | | |
| <i>Interest and investment income</i> | | |
| Interest receivable on escrow account | - | 14 |
| <i>Interest payable and similar charges</i> | | |
| Interest payable to Group undertakings | - | (665) |
| Other interest payable | - | (137) |
| | - | (802) |
| Finance charges, net | - | (788) |

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

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| 6. Tax charge/(credit) on loss on ordinary activities | | |
| <i>(a) Analysis of charge/(credit) for the year</i> | | |
| Current tax | | |
| UK corporation tax on loss at 28% (2008 28.5%) | - | (186) |
| Adjustments in respect of prior periods | 130 | - |
| Tax charge/(credit) on loss on ordinary activities | 130 | (186) |

(b) Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher (2008 lower) than the standard rate of corporation tax in the UK (28%) (2008 28.5%). The differences are explained below

| | | |
|--|-----|-------|
| Loss on ordinary activities before taxation | (1) | (788) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%) | - | (225) |
| Effects of | | |
| Adjustments to tax charge in respect of prior years | 130 | - |
| Permanent difference for unwind of discount on deferred compensation | - | 39 |
| Total current tax charge/(credit) for the year (note 6(a)) | 130 | (186) |

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

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

7. Investments held as fixed assets

**Subsidiary
undertaking
£000**

Cost and net book value

At 1 January 2009 and 31 December 2009

41,442

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

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

8. Shares in subsidiary undertakings

The principal subsidiary undertakings at 31 December 2009 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> | | | |
| Glencairn Limited | 100% | Ordinary of £0 001 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

(i) The investment in Glencairn 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 401 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

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

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

| 9. Debtors | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| <i>Amounts falling due within one year:</i> | | |
| Amounts owed by Group undertakings | 439 | 439 |
| Corporation tax | - | 186 |
| | <u>439</u> | <u>625</u> |

| 10. Creditors: amounts falling due within one year | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Amounts owed to Group undertakings | 7,738 | 106 |
| Other creditors | 23 | 210 |
| | <u>7,761</u> | <u>316</u> |

| 11. Provisions for liabilities | Deferred consideration £000 |
|--------------------------------|-----------------------------------|
| 1 January 2009 | 7,500 |
| Utilised in the year | (7,500) |
| 31 December 2009 | - |

On 1 October 2008, Willis Group Holdings Limited acquired Hilb Rogal & Hobbs Company which subsequently became a wholly-owned subsidiary of Willis Group Holdings Limited. Upon completion of this acquisition, deferred consideration became payable by the Company to the previous owners of Glencarn as additional purchase consideration. Payment of £7,500,000 was made on 5 January 2009.

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

| | 2009 Number (thousand) | 2008 Number (thousand) |
|---|------------------------------|------------------------------|
| 12. Called up share capital | | |
| Authorised share capital | | |
| Ordinary shares of £1 each | 50,000 | 50,000 |
| | 2009 £000 | 2008 £000 |
| Allotted, called up and fully paid | | |
| 2,155,862 (2008 2,155,862) ordinary shares of £1 each | 2,156 | 2,156 |

13. Contribution from Group undertaking

On 1 October 2008 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.

| 14. Reserves and shareholders' funds | Share capital £000 | Capital contribution £000 | Share premium £000 | Profit and loss account £000 | Total £000 |
|---|-----------------------------------|--|-----------------------------------|---|-----------------------|
| 1 January 2009 | 2,156 | 20,000 | 14,000 | (1,905) | 34,251 |
| Loss on ordinary activities after taxation | - | - | - | (131) | (131) |
| 31 December 2009 | 2,156 | 20,000 | 14,000 | (2,036) | 34,120 |

15. 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.