

WILLIS UK INVESTMENTS
(formerly Willis UK Investments Limited)
Registered No 5146638

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

Directors

Willis Corporate Director Services Ltd (appointed 1 January 2007)
Willis Corporate Secretarial Services Ltd (appointed 1 January 2007)

Secretary

SK Bryant

Registered Office

Ten Trinity Square
London EC3P 3AX

Auditors

Deloitte & Touche LLP
London

WEDNESDAY



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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2006

Principal activities and review of developments

The Company is an investment company

Results

The profit on ordinary activities after taxation amounted to \$7,570,000 for the year (2005 \$285,000)

Future Developments

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

Dividend

No interim dividend was paid during the year (2005 £nil.) The Directors do not recommend the payment of a final dividend (2005 \$nil)

Enhanced Business Review

The Directors' Report is not required to include an enhanced business review Advantage has been taken of the provisions of s 246 of the Companies Act 1985 (as amended)

Re-registration as an unlimited company and giving of financial assistance

On 1 June 2006 the Company was re-registered as an unlimited company and accordingly its name was changed from Willis UK Investments Limited to Willis UK Investments On 10 August 2006 the Company made a loan of \$400m on commercial terms to Willis North America, Inc for the purchase of its own shares On 20 June 2006, the members approved the giving by the Company of financial assistance for the purchase of its own shares to Willis North America, Inc The financial assistance took the form of a loan made to Willis North America, Inc on 10 August 2006 of \$400m on commercial terms On the same day Willis North America Inc paid \$403m to the Company in satisfaction of all amounts outstanding under the terms of a deferred subscription agreement

Directors and their interests

The current Directors of the Company are shown on page 1, which forms part of this report MP Chitty and T Colraine resigned as Directors of the Company on 31 December 2006 Willis Corporate Director Services Limited and Willis Corporate Secretarial Services Limited were appointed Directors of the Company with effect from 1 January 2007 There were no other changes in Directors during the year or after the year end

The Directors have no disclosable interests in the shares of the Company or of its fellow group companies Advantage has been taken of the provisions of the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985

Statement of Directors' responsibilities in relation to the financial statements

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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 UK INVESTMENTS

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

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 1985) 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 s234ZA of the Companies Act 1985

Auditors

Deloitte & Touche LLP have been appointed auditors of the Company. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985

By order of the Board


S H Bryant
Secretary

Ten Trinity Square
London EC3P 3AX

12 October 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS UK INVESTMENTS

We have audited the financial statements of Willis UK Investments for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the movement in shareholders' funds and the related notes numbered 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

19 October 2007

WILLIS UK INVESTMENTS
(formerly Willis UK Investments Limited)

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 \$000	2005 \$000
Interest and investment income	5	11,127	407
Profit on ordinary activities before taxation		11,127	407
Tax on profit on ordinary activities	6	(3,557)	(122)
Profit on ordinary activities after taxation	10	7,570	285

All activities derive from continuing operations

RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2006

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of \$7,570,000 in the year ended 31 December 2006 and of \$285,000 in the year ended 31 December 2005

WILLIS UK INVESTMENTS
(formerly Willis UK Investments Limited)

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BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 \$000	2005 \$000
Current assets			
Debtors			
Amounts falling due within one year	7	52,526	28,360
Amounts falling due after one year	7	400,000	400,000
		452,526	428,360
Current liabilities			
Creditors amounts falling due within one year	8	(3,682)	(125)
Net current assets		448,844	428,235
Capital and reserves			
Called up share capital	9, 10	401,000	401,000
Share premium	10	39,983	26,944
Profit and loss account	10	7,861	291
Equity shareholders' funds		448,844	428,235

Approved on behalf of the Board on 12 October 2007



SK Bryant, Authorised Signatory of
Willis Corporate Director Services Limited
Director

MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 31 December 2006	2006 \$000	2005 \$000
Profit for the year after taxation	7,570	285
Additional paid in capital under deferred subscription agreement	13,039	21,535
Net movement in shareholders' funds for the period	20,609	21,820
Shareholders' funds at 1 January 2006	428,235	406,415
Shareholders' funds at 31 December 2006	448,844	428,235

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

- (i) **Basis of preparation**
These financial statements have been prepared under the historical cost convention and comply with applicable law and accounting standards in the United Kingdom. The Company's functional currency is the US dollar and accordingly the financial statements have been prepared in this currency.

The Company is exempt from the obligation to prepare and deliver Group financial statements in accordance with Section 228 of the Companies Act 1985 (as amended) as the Company is a wholly-owned subsidiary of Willis Group Holdings Limited, in whose financial statements it is consolidated.

The results of the Company are only consolidated by Willis Group Holdings Limited.

- (ii) **Income recognition**
The Company recognises interest from group undertakings on a receivable basis.
- (iii) **Currency translation**
Transactions in currencies other than US dollars are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.
- (iv) **Cash flow statement**
Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is prepared at Group level.

2 Audit Fees

All auditors' remuneration of £5,000 (2005 £4,800) was borne by another Group company.

3 Staff costs

The Company employed no staff during the year (2005 none).

4 Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2005 \$nil).

	2006	2005
	\$000	\$000
5 Interest and investment income		
Interest receivable from group undertakings	11,127	407

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

	2006 \$000	2005 \$000
6 Tax on profit on ordinary activities		
(a) Analysis of charge for the period		
Current tax		
UK corporation tax on profit at 30% (2005 30%)	3,567	122
Adjustments in respect of prior years	(10)	-
Total current tax (note 6(b)) and tax on profit on ordinary activities	<u>3,557</u>	<u>122</u>
(b) Factors affecting tax charge for the year		
The tax charge assessed for the year is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below		
Profit on ordinary activities before tax	11,127	407
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	3,338	122
Effects of		
Adjustments to tax charge in respect of prior years	(10)	-
Other including effects of exchange rates	229	-
Current tax charge for the year (note 6(a))	<u>3,557</u>	<u>122</u>
7 Debtors	2006 \$000	2005 \$000
Due within one year		
Amounts owed by group undertakings	52,526	28,360
Due after more than one year		
Amounts owed by group undertakings	400,000	400,000
	<u>452,526</u>	<u>428,360</u>

On 29 September 2004 the Company entered into a deferred subscription agreement (the "Agreement") under which the Company agreed to issue 401 million \$1 ordinary shares to Willis North America Inc. The shares were issued at par on 30 September 2004 and on that day, Willis North America Inc. paid the first instalment of \$1m. Under the Agreement, the unpaid capital was payable in half yearly instalments on 15 June and 15 December until 15 December 2011.

The amount due after more than one year at 31 December 2005 represented the debt obligation of Willis North America Inc. under the Agreement with the Company. The total value of subscription instalments receivable by the Company over the period to 15 December 2011 exceeded the \$400m nominal value of the share capital issued to reflect the deferral of the receipt of subscription payments. The inherent rate of return in this debt obligation of Willis North America Inc. was 5.38% per annum. The excess represented by this return to the Company was treated as an increase in share premium.

On 10 August 2006, Willis North America Inc. paid to the Company the sum of \$403,233,879 in satisfaction of all amounts outstanding under the terms of the deferred subscription agreement. On the same day, the Company lent Willis North America Inc. the sum of \$400,000,000 on commercial terms. Under the terms of this loan, interest is receivable on 10 August annually at a rate of 5.90% per annum with any remaining amounts of unpaid capital and interest being repayable on 10 August 2017. The amount due after more than one year at 31 December 2006 represents the debt obligation of Willis North America Inc. under the terms of this interest-bearing loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

8 Creditors amounts falling due within one year	2006 \$000	2005 \$000
Corporation tax	3,551	122
Amounts owed to group undertakings	131	3
	3,682	125

9 Called up share capital	2006 Number	2005 Number
Authorised share capital		
Ordinary shares of \$1 each	500,000,000	500,000,000
Ordinary share of £1	1	1
	500,000,001	500,000,001

Allotted, issued and fully paid	2006 \$000	2005 \$000
401,000,000 Ordinary shares of \$1 each (2005 401,000,000)	401,000	401,000
1 Ordinary share of £1 (2005 1)	-	-
	401,000	401,000

10 Reserves and shareholders' capital	Share capital \$000	Share premium \$000	Profit and loss account \$000	Total \$000
1 January 2006	401,000	26,944	291	428,235
Profit on ordinary activities after taxation	-	-	7,570	7,570
Additional paid in capital under deferred subscription agreement	-	13,039	-	13,039
31 December 2006	401,000	39,983	7,861	448,844

11 Related party transactions

FRS8 exempts the reporting of transactions between Group companies in the financial statements of companies 90% or more of whose voting rights are controlled within the Group. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.

12 Parent undertakings and controlling party

The Company's immediate parent company and controlling party is Willis Group Limited. The Company's ultimate parent company and controlling party is Willis Group Holdings Limited, a company incorporated in Bermuda, whose group financial statements are available from the Company Secretary, Ten Trinity Square, London EC3P 3AX.