WILLIS GROUP SERVICES LIMITED

(Registered No. 1451456)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

DIRECTORS

MP Chitty
T Colraine

SECRETARY

SK Bryant

REGISTERED OFFICE

Ten Trinity Square
London EC3P 3AX

AUDITORS

Deloitte & Touche LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS

The Company provides financial, leasing, property holding and administrative services principally for subsidiaries of Willis Group Limited.

RESULTS

The profit on ordinary activities after taxation amounted to £15,237,000 (2004: £11,234,000).

FUTURE DEVELOPMENTS

The Company does not anticipate any changes to its business in the coming years.

DIVIDENDS

No interim dividend was paid during the year (2004: £nil). The Directors do not recommend the payment of a final dividend (2004: £nil).

DIRECTORS AND THEIR INTERESTS

The present Directors of the Company are named on page 1 which forms part of this report, both of whom held office throughout the year. The Directors have no disclosable interests in the Company or 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 required to report on their responsibilities in relation to the preparation of financial statements for each financial year and the following statement should be read in conjunction with the auditors' statement of their responsibilities set out on page 3.

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The Directors are required to prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the accounts on pages 5 to 14 the Directors consider that:

(a) they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates; and
(b) all applicable accounting standards, have been followed.

The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose at any time and with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985 (as amended).

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS

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 provision of section 386(2) of the Companies Act 1985.

By Order of the Board

SK Bryant
Secretary

20 October 2006
Ten Trinity Square
London EC3P 3AX

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS GROUP SERVICES LIMITED

We have audited the financial statements of Willis Group Services Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the movement in shareholders' funds and the related notes 1 to 23. 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

As described in the statement of Directors' responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 2005 and of its profit for the year then ended; and

- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
24 October 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 £000	2004 £000
Turnover		94,391	93,568
Operating expenses		57,697	69,482
OPERATING PROFIT	3	36,694	24,086
Interest receivable and similar income	4	4,128	2,835
Interest payable	5	17,378	9,215
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,444	17,706
Tax on profit on ordinary activities	8	8,207	6,472
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		15,237	11,234
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	15,237	11,234

All activities derive from continuing operations.

RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £15,237,000 in the year ended 31 December 2005 and the profit of £11,234,000 in the year ended 31 December 2004.

BALANCE SHEEET AS AT 31 DECEMBER 2005

	Note	2005 £000	2004 £000
FIXED ASSETS			
Tangible assets	9	80,580	86,544
CURRENT ASSETS			
Debtors:			
Amounts falling due within one year	11	672,304	560,785
Amounts falling due after one year	11	2,405	5,804
		674,709	566,589
Cash at bank and in hand		219	11,439
		674,928	578,028
CURRENT LIABILITIES			
CREDITORS: amounts falling due within one year	13	727,071	650,993
NET CURRENT LIABILITIES		(52,143)	(72,965)
TOTAL ASSETS LESS CURRENT LIABILITIES		28,437	13,579
PROVISION FOR LIABILITIES AND CHARGES	14	4,722	5,101
NET ASSETS		23,715	8,478
CAPITAL AND RESERVES			
Called up share capital	15	5,000	5,000
Undistributable reserve	16	7	7
Profit and loss account	17	18,708	3,471
EQUITY SHAREHOLDERS' FUNDS		23,715	8,478

The financial statements were approved by the Board of Directors on 20 October 2006 and signed on its behalf.

MP Chitty
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £000	2004 £000
Retained profit for the financial year	15,237	11,234
Equity shareholders' funds/(deficit) at 1 January	8,478	(2,756)
Equity shareholders' funds at 31 December	23,715	8,478

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. ULTIMATE PARENT COMPANY

The Company's immediate parent company and controlling party is Willis Faber Limited. The Company's ultimate parent company and controlling party is Willis Group Holdings Limited, a company incorporated in Bermuda.

The largest group in which the results of the Company are consolidated is that headed by Willis Group Holdings Limited ("the Group"), with the smallest group being headed by TA I Limited. The consolidated financial statements for these groups are available to members of the public from the Company Secretary, Ten Trinity Square, London EC3P 3AX.

2. ACCOUNTING POLICIES

(a) Basis of preparation
These financial statements have been prepared on the going concern basis under the historical cost convention (as modified by the revaluation of certain land and buildings) and comply with applicable law and accounting standards in the United Kingdom.

(b) Revenue recognition
Turnover, which arises solely in the UK, comprises income on leased assets and fees receivable in respect of management services and recharges of expenses to other group undertakings. Interest receivable and interest payable are accounted for on an accruals basis.

(c) Currency translation
Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction, or, in the case of forward contracts in respect of the current year's income, at the contracted rate. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

(d) Tangible fixed assets
When the Group adopted FRS 15 'Tangible fixed assets' in 2000, it took advantage of the transitional rule which permits the retention of the carrying values of properties based on previously revalued amounts. The Group's principal properties, valued at 31 December 1995, will not be subject to further revaluations. Other fixed assets are shown at historical cost to the Group less accumulated depreciation. The carrying value of tangible fixed assets is reviewed for impairment when events indicate that this value may not be recoverable. Any impairment in the value of fixed assets is charged to the profit and loss account in the period in which it occurs.

(e) Depreciation
Depreciation is calculated on a straight line basis at rates estimated to write down the value of assets to their estimated residual value at the end of their estimated useful economic lives. The rates generally used are:

Motor vehicles	25 per cent per annum
Furniture and equipment	Between 10 and 25 per cent per annum
Software	Between 20 and 33 per cent per annum
Freehold buildings and long leaseholds	Between 2 and 20 per cent per annum
Short leaseholds	Period of lease
Freehold land	No depreciation charged

(f) Fixed asset investments
Investments in subsidiaries are carried at cost less provision for any impairment.

(g) 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.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more or less tax, at a future date, at rates expected to apply when they reverse based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

2. ACCOUNTING POLICIES (continued)

(h) Pensions
The Company participates in a group defined benefit pension scheme. The regular cost of providing benefits is charged to operating profit over the employees' service lives on the basis of a constant percentage of pensionable earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated to operating profit on a systematic basis over the expected remaining service lives of current employees. Pension contributions charged to the Company are based on pension costs across the Group's UK companies as a whole.

(i) Cash flow statement
Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is prepared at Group level.

(j) Leased assets
Rentals payable or receivable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

3. OPERATING PROFIT

	2005 £000	2004 £000
Operating profit is stated after charging/(crediting):		
Depreciation on and other amounts written off tangible and intangible fixed assets:		
Owned assets (note 9)	12,918	11,813
Rentals under operating leases:		
Land and buildings	6,069	7,238
Rental income	(2,837)	(2,849)
Auditors remuneration:		
Audit fees	700	700

The Company bore the audit fees of other UK group companies in the current year and preceding year.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 £000	2004 £000
Interest receivable on cash at bank	1,467	1,048
Interest receivable from group undertakings	2,661	1,787
	4,128	2,835

5. INTEREST PAYABLE

	2005 £000	2004 £000
Interest payable to group undertakings	16,166	7,795
Other interest payable	1,212	1,420
	17,378	9,215

6. EMPLOYEE COSTS

	2005 £000	2004 £000
Salaries	29,780	22,430
Social security costs	2,554	3,039
Other pension costs	6,426	2,110
	38,760	27,579

	2005 Number	2004 Number
Number of employees - average for the period	542	576

The members of staff working for the Company are employed by other subsidiary undertakings of Willis Group Holdings Limited. The Company bears the cost of the salaries, social security payments and pension contributions relating to such staff and reimburses the employing company for the full amount of the costs incurred, as shown above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

7. DIRECTORS' REMUNERATION

The Directors received no remuneration for services rendered to the Company during the year (2004: £nil)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005	2004
(a) Analysis of charge for the year	£000	£000
Current tax:		
UK corporation tax on profits at 30%	6,432	5,755
Foreign tax on profits for the year	-	17
Adjustment in respect of prior years	(1,624)	-
Total current tax (note 8(b))	4,808	5,772
Deferred tax:		
Origination and reversal of timing differences	2,529	700
Adjustments to the estimated recoverable amount of deferred tax assets arising in previous periods	870	-
Total deferred tax (note 12)	3,399	700
Tax on profit on ordinary activities	8,207	6,472

	2005	2004
(b) Factors affecting tax charge for the year	£000	£000
The tax assessed for the year is lower / higher than the standard rate of corporation tax in the UK 30% (2004: 30%). The differences are explained below:		
Profit on ordinary activities before tax	23,444	17,706
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	7,033	5,312
Effects of:		
Expenses not deductible for tax purposes	2,799	1,160
Movement in short term timing differences	(1,620)	(700)
Capital allowances for the year in excess of depreciation	(1,780)	-
Adjustments to tax charge in respect of prior years	(1,624)	-
Current tax charge for the year (note 8(a))	4,808	5,772

(c) Circumstances effecting current and future tax charges

The Company is selling its freehold interest in Ten Trinity Square, London. The capital gain on the building will be reduced by using a market value for the property as at 31 March 1982 and adjusting for an inflationary factor as permitted under the Taxation of Chargeable Gains Act 1992. In addition the Company will elect with the purchaser to transfer the assets eligible for capital allowances for £1. The combined effect of these will be to reduce the tax charge on disposal to approximately 5% of the expected proceeds (note 23).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

9. TANGIBLE FIXED ASSETS

	Assets in the course of construction £000	Land and buildings £000	Furniture, equipment, software and vehicles £000	Total £000
Cost or valuation:				
1 January 2005	-	88,142	72,889	161,031
Additions	2,163	1,131	4,445	7,739
Disposals	-	(5,553)	(8,779)	(14,332)
Inter-company transfers	-	101	331	432
31 December 2005	2,163	83,821	68,886	154,870
Depreciation:				
1 January 2005	-	30,618	43,869	74,487
Provision for the year	-	2,997	9,921	12,918
Disposals	-	(5,519)	(7,744)	(13,263)
Inter-company transfers	-	35	113	148
31 December 2005	-	28,131	46,159	74,290
Net book value 31 December 2005	2,163	55,690	22,727	80,580
Net book value 31 December 2004	-	57,524	29,020	86,544

	2005 £000	2004 £000
Net book value of land and buildings:		
Freehold: Land	16,879	16,879
Buildings	35,023	36,835
Leasehold: Long	106	-
Short	3,682	3,810
31 December	55,690	57,524

The transitional rules of FRS 15 'Tangible fixed assets' have been adopted for Group properties, which permit the retention of the carrying values at the previously revalued amounts. The Group's principal properties, valued at 31 December 1995, will not be subject to further revaluations. Other fixed assets are shown at historical cost to the Group. Any impairment in the value of fixed assets is charged to the profit and loss account in accordance with FRS 11 'Impairment of fixed assets and goodwill'.

The Group's principal freehold properties were valued at 31 December 1995 on the basis of open market value for existing use. The carrying value of these revalued properties, at 31 December 2005 was £57.3 million (2004: £57.3 million), and the accumulated depreciation was £19.2 million (2004: £17.1 million). On an historical cost basis these properties would be included at cost of £57.1 million (2004: £57.1 million) less accumulated depreciation of £30.9 million (2004: £29.8 million).

No tax would be payable on the realisation of revalued properties at their net funds value by virtue of available capital losses carried forward.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

10. SHARES IN SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings *(all dormant)* at 31 December 2005 were:

	Class of Share	Percentage of share capital held
TRUSTEES		
Willis Group Medical Trust Limited	Ordinary of £1 each	100%
OTHER COMPANIES		
Sailgold Limited	Ordinary of £1 each	100%
Ropepath Limited	Ordinary of £1 each	100%
Willis Corroon Nominees Limited	Ordinary of £1 each	100%

The Company is exempt from the obligation to prepare Group financial statements in accordance with Section 228 of the Companies Act 1985 (as amended) as the Company is a wholly-owned subsidiary of TA I Limited, 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 £nil (2004: £nil).

11. DEBTORS

	2005 £000	2004 £000
Due within one year:		
Amounts owed by group undertakings	664,411	554,472
Other debtors	7,893	6,313
	672,304	560,785
Due after more than one year:		
Amounts owed by group undertakings	460	460
Deferred tax asset (see note 12)	1,945	5,344
	2,405	5,804
	674,709	566,589

12. DEFERRED TAX

	2005 £000	2004 £000
Deferred tax has been provided in full in respect of assets/liabilities arising from the following timing differences (note 11):		
Capital allowances	570	2,351
Other provisions	1,375	2,993
	1,945	5,344
At 1 January	5,344	6,044
Deferred tax charge in profit and loss account (note 8(a))	(3,399)	(700)
At 31 December	1,945	5,344

The deferred tax assets have been recognised to the extent they are regarded as more likely than not as being recoverable either against the Company's own future profits or by way of group relief against those future profits of Willis Limited, a fellow UK group company.

13. CREDITORS: amounts falling due within one year

	2005 £000	2004 £000
Bank overdraft	574	-
Amounts owed to group undertakings	682,017	590,218
Corporation tax	8,570	7,094
Income tax and social security	8,863	7,376
Other creditors	22,240	35,632
Accruals and deferred income	4,807	10,673
	727,071	650,993

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Exceptional restructuring cost (a) £000	Errors and omissions (b) £000	Total £000
1 January 2005	4,990	111	5,101
Profit and loss account movements	2,154	(1)	2,153
Used in the year	(2,422)	(110)	(2,532)
31 December 2005	4,722	-	4,722

(a) The exceptional restructuring provision is in respect of properties no longer required for operational purposes.

(b) Errors and omissions provision.

Provisions comprise estimates for liabilities that may arise from actual and potential claims for errors and omissions. At 31 December 2005 included in amounts owed by group companies in note 11 is the total amount recoverable from the Group's captive insurer of £nil (2004: £96,000).

15. CALLED UP SHARE CAPITAL

	2005 £000	2004 £000
Authorised, allotted, issued and fully paid:		
5,000,000 ordinary shares of £1 each (2004: 5,000,000)	5,000	5,000

16. UNDISTRIBUTABLE RESERVE

	2005 £000	2004 £000
Special capital reserve	7	7

17. PROFIT AND LOSS ACCOUNT

	2005 £000	2004 £000
1 January	3,471	(7,763)
Retained profit for the year	15,237	11,234
31 December	18,708	3,471

18. PENSIONS

The Company is a member of the Willis Pension Scheme in the United Kingdom ("the Scheme"), which is funded externally and is of the defined benefit type. The members of staff working for the Company are employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings Limited. The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method. The pension contributions rates are based on pension costs across the Group's UK companies as a whole.

The most recent actuarial valuation of the Scheme was at 31 December 2004. The most recent actuarial valuation has been reviewed and updated as at 31 December 2005 to take account of the requirements of FRS 17 "Retirement Benefits", in order to assess the liabilities of the Scheme at 31 December 2005.

The Directors consider that the share of the Scheme's underlying assets and liabilities attributable to the Company's employees cannot be separately identified. Accordingly all scheme assets and liabilities are included on the balance sheet of Willis Limited. The Scheme showed an overall deficit of $102.8 million (£59.8.million) at 31 December 2005 compared with an overall deficit of $157.3 million (£81.9 million) at 31 December 2004. Company contribution rates increased from 14.1 % to 14.5% of pensionable earnings with effect from 1 January 2005. In addition, the Scheme became contributory for employed members who joined pre-1995 at the rate of 2% in 2005 and 4% in 2006 to bring their contributions in line with employed members who joined post-1995.

Full disclosures for the Scheme under FRS 17 are included in the financial statements of Willis Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

19. COMMITMENTS

The Company had contracted for capital expenditure at 31 December 2005 of £10,362,000 (2004: £10,506,000).

	Land & Buildings			
	Lime Street	Other	Total	
	2005	2005	2005	2004
	£000	£000	£000	£000
Operating lease commitments:				
Payments committed to be made within one year by the Company for leases expiring:				
In less than one year	-	286	286	289
Between two and five years	-	1,806	1,806	543
After five years	-	5,938	5,938	6,048
	-	8,030	8,030	6,880
Payments committed to be made by the Company after one year:				
Between one and two years	19,000	7,640	26,640	7,345
Between two and three years	19,000	7,094	26,094	26,161
Between three and four years	19,000	6,949	25,949	25,748
Between four and five years	19,000	6,121	25,121	25,713
After five years	390,000	7,073	397,073	421,490
	466,000	34,877	500,877	506,457
Total operating lease commitments:	466,000	42,907	508,907	513,337

In November 2004, the Company entered into an agreement to enter into a 25 year lease with long time client British Land plc relating to the Company's new headquarters in Lime Street, London. Construction commenced in early 2005 and Willis occupancy is targeted for early 2008. The Company's contractual obligations in relation to this commitment are included in the table above, but remain contingent upon the successful completion of construction.

20. CONTRACTED CURRENCY PURCHASE AGREEMENTS

Willis Group Services Limited has entered into contracts with two fellow subsidiaries to purchase US Dollars, at fixed exchange rates.

The Company entered into the first contract with Willis Iberia, a fellow subsidiary based in Spain, on 1 October 2004. Under this contract, the Company will purchase all of the US Dollars held in any Willis Iberia US Dollar denominated bank account, up to a maximum of US$10 million in aggregate in each calendar year, up to and including 2009 at a fixed rate of US$1.25 to €1. The agreement may be terminated by either party at any time within 14 days of the US Dollar to Euro closing mid price per the Financial Times being quoted outside the range of 1.05 to 1.45 for five consecutive trading days. In this instance, the existing arrangements will run to the end of the financial year in which notice of termination is given, or if terminated after 1 October, the end of the following financial year.

The Company entered into the second contract with Willis AS, a fellow subsidiary based in Norway, on 1 January 2005. Under this contract, the Company will purchase all of the US Dollars held in any Willis AS US Dollar denominated bank account, up to a maximum of US$10 million in aggregate in each calendar year, up to and including 2007 at a fixed rate of 7 NOK to US$1. The agreement may be terminated by either party at any time within 14 days of the US Dollar to Norwegian Kroner closing mid price per the Financial Times being quoted outside the range of 5.5 to 8.5 for five consecutive trading days. In this instance, the existing arrangements will run to the end of the financial year in which notice of termination is given, or if terminated after 1 October, the end of the following financial year.

21. CONTINGENT LIABILITIES

The Company has given guarantees and indemnities to bankers and other third parties amounting to £26,613 (2004: £19,957).

22. RELATED PARTY TRANSACTIONS

FRS 8 paragraph 3(c) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

23. EVENTS AFTER THE BALANCE SHEET DATE

On 8 September 2006, the Company signed an agreement for the sale of the Group's headquarters located at Ten Trinity Square in London (the "Sale Agreement") to Ten Trinity Square Limited (the "Buyer"), an affiliate of the American retail, hotel and leisure development firm Thomas Enterprises, Inc.. The Buyer deposited 10% of the purchase price into an escrow account on September 18, 2006 as required under the Sale Agreement. The Company will lease back the building until it moves into its new head office building in Lime Street in 2008. The gross proceeds, after direct selling costs, are approximately £100,000,000, on which it is estimated that the tax charge will be equal to approximately 5% of the expected proceeds.

The sale closed on 27 September 2006. Pursuant to the terms of the Sale Agreement the Company received 25% of the purchase price, including the deposit, with the balance due on 27 November 2006 plus interest at a rate of 6% per annum. At closing the Buyer granted the Company a security interest in Ten Trinity Square until the balance of the purchase price has been paid.