

WILLIS JAPAN LIMITED
(formerly Willis Corroon Japan Limited)
(Registered No. 1689758)

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

DIRECTORS

MP Chitty
MDT Faber

SECRETARY

TM Warren

REGISTERED OFFICE

Ten Trinity Square
London EC3P 3AX

AUDITORS

Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR



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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report, together with the accounts, for the year ended 31 December 2000.

PRINCIPAL ACTIVITY AND PERFORMANCE REVIEW

The Company is an intermediary assisting in Japanese retail insurance, international insurance and reinsurance activities and has established a branch office in Tokyo, Japan. The directors do not anticipate any change in the Company's position.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation amounted to £17,000. The directors do not recommend the payment of a dividend.

CHANGE OF NAME

The Company changed its name to Willis Japan Limited on 3 July 2000.

DIRECTORS

The present directors of the Company are named on page 1 which forms part of this report.

The directors who held office on 31 December 2000 and whose interests are not reported in the accounts of a parent company had the following interests in the Management Ordinary Shares of TAI Limited, the ultimate parent company, as recorded in the register kept for the purpose.

Director	Management ordinary shares of 10p each		Options over management ordinary shares of 10p each			
	1.1.2000	31.12.2000	1.1.2000	Granted	Exercised	31.12.00
MDT Faber	80,000	80,000	138,000	-	-	138,000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS

The directors are required to report on their responsibilities in relation to the preparation of accounts for each financial year and the following statement should be read in conjunction with the auditors' statement of their responsibilities set out on page 4.

The Companies Act 1985 (as amended) requires the directors to prepare accounts 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.

In preparing the accounts on pages 5 to 11 the directors consider that :

- (a) they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates;
- (b) all accounting standards, which they consider to be applicable, have been followed;
- (c) it is appropriate to prepare the accounts on the going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts 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.

WILLIS JAPAN LIMITED
(formerly Willis Corroon Japan Limited)

3

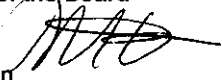
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

AUDITORS

An Elective Resolution dispensing with the requirement to reappoint auditors annually was approved by shareholders at the Annual General Meeting in April 1991.

Deloitte & Touche are willing to continue in office and the directors have agreed to their so continuing.

By Order of the Board


TM Warren
Secretary

18 October 2001
Ten Trinity Square
London EC3P 3AX

AUDITORS' REPORT TO THE MEMBERS OF WILLIS JAPAN LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2, the Company's directors are responsible for the preparation of the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the Company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Deloitte & Touche
Chartered Accountants and Registered Auditors

Stonecutter Court
1, Stonecutter Street
London EC4A 4TR

23 October.....2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	2000 £000	1999 £000
Turnover	3	599	435
Other income	3	2,833	3,181
OPERATING REVENUE		3,432	3,616
Operating expenses		3,298	3,423
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	134	193
Tax on profit on ordinary activities	7	117	181
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		17	12
RETAINED PROFIT	15	17	12

RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2000

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £17,000 in the year ended 31 December 2000 and £12,000 in the year ended 31 December 1999.

WILLIS JAPAN LIMITED
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6

BALANCE SHEET AT 31 DECEMBER 2000

	Note	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	8	94	106
CURRENT ASSETS			
Debtors	9	892	761
Investments	10	2	25
Cash at bank and in hand		155	191
		1,049	977
CURRENT LIABILITIES			
CREDITORS : amounts falling due within one year	11	649	606
NET CURRENT ASSETS		400	371
TOTAL ASSETS LESS CURRENT LIABILITIES		494	477
CREDITORS : amounts falling due after more than one year	12	460	460
		34	17
CAPITAL AND RESERVES			
Called up share capital	14	1	1
Profit and loss account	15	33	16
EQUITY SHAREHOLDERS' FUNDS		34	17

Approved on behalf of the Board on 18 October 2001.



MP Chitty
Director

WILLIS JAPAN LIMITED
(formerly Willis Corroon Japan Limited)

**MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000 £000	1999 £000
Profit for the financial year	17	12
Net movement in shareholders' funds for the year	17	12
Shareholders' funds at 1 January	17	5
Shareholders' funds at 31 December	34	17

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Willis Faber Limited. The ultimate parent company is TA I Limited and the ultimate controlling party is KKR 1996 Overseas, Limited.

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

2. ACCOUNTING POLICIES

(a) Basis of preparation

These accounts have been prepared on the going concern basis under the historical cost convention and comply with accounting standards applicable in the United Kingdom.

(b) Turnover

The Company takes credit for brokerage and fee income at the date when the insured is debited or at the inception date of the policy, whichever is the later.

(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. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Differences arising from trading activities are dealt with in the profit and loss account.

(d) Depreciation

Depreciation is calculated on a reducing balance basis at rates estimated to write down the value of assets, to a residual value of between 5% and 10% of cost, over their expected useful lives. Depreciation on leasehold improvements is provided at 14.2% per annum. Depreciation on furniture and equipment is provided at rates between 14.2% and 36.9% per annum.

(e) Deferred taxation

Provision for deferred taxation is made using the liability method for all timing differences to the extent that it is probable that a liability will crystallise.

(f) Pensions

Japanese staff retirement allowance

The cost of providing post-retirement benefit is charged to the profit and loss account over the periods benefiting from the employees' services, based on the cumulative length of qualifying service of each employee.

UK staff pensions

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.

3. TURNOVER AND OTHER INCOME

The table below analyses the Company's turnover and other income 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.

	2000 £000	1999 £000
United Kingdom	2,637	2,959
North America	196	222
Rest of the World	599	435
	<u>3,432</u>	<u>3,616</u>

Other income which makes up all the income from UK and USA represents fees received from group undertakings as reimbursement for services performed on their behalf.

Turnover which makes up all the income from Rest of the World represents income derived from insurance activities in Japan.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

4.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2000 £000	1999 £000
	The profit on ordinary activities before taxation was arrived at after charging:		
	Auditors remuneration :		
	Audit fees	3	11
	Depreciation on :		
	Long leasehold property	2	3
	Owned assets	28	36
	Operating lease rentals:		
	Land and buildings	94	99
		94	99
5.	EMPLOYEES	2000 £000	1999 £000
	Employee costs net of amounts reimbursed by fellow subsidiary undertakings during the year consisted of :		
	Salaries	1,812	1,871
	Social security costs	81	79
	Pension costs	72	83
		1,965	2,033
		2000 Number	1999 Number
	Number of employees - average for the year	16	17
		16	17
	Certain members of staff working for the Company in the United Kingdom are employed by other subsidiary undertakings of TAI 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.		
6.	DIRECTORS' EMOLUMENTS	2000 £000	1999 £000
	Remuneration, excluding pension contributions	-	80
	Benefits	-	42
		-	122
		2000 Number	1999 Number
	Directors exercising share options	-	-
	Directors receiving shares under Long Term Incentive Plans	-	-
	Directors eligible for defined benefit pension schemes	-	1
7.	TAX ON PROFIT ON ORDINARY ACTIVITIES	2000 £000	1999 £000
	Charge for the year:		
	UK corporation tax		
	Current tax on income for the period at 30% (1999 - 30.25%)	107	75
	Double taxation relief	(16)	(21)
		91	54
	Adjustments in respect of prior periods	4	-
		95	54
	Foreign tax		
	Current tax provided in period	22	21
		117	75
	Deferred taxation (note 13)	-	106
		117	181

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

8. TANGIBLE ASSETS	Long leasehold property £000	Furniture and equipment £000	Total £000
Cost :			
1 January 2000	45	195	240
Additions	-	20	20
Disposals	-	(2)	(2)
31 December 2000	<u>45</u>	<u>213</u>	<u>258</u>
Depreciation :			
1 January 2000	31	103	134
Provision for year	2	28	30
Disposals	-	-	-
31 December 2000	<u>33</u>	<u>131</u>	<u>164</u>
Net book value 31 December 2000	<u>12</u>	<u>82</u>	<u>94</u>
Net book value 31 December 1999	<u>14</u>	<u>92</u>	<u>106</u>
9. DEBTORS		2000 £000	1999 £000
Due within one year:			
Amounts owed by group undertakings		836	705
Other debtors		56	56
		<u>892</u>	<u>761</u>
10. INVESTMENTS		2000 £000	1999 £000
Other current investments :			
Cost		91	91
Market value		<u>2</u>	<u>25</u>
This investment represents the membership of a Japanese golf club stated at market value, at the rate of exchange on 31 December.			
11. CREDITORS : amounts falling due within one year		2000 £000	1999 £000
Corporate tax		110	76
Accruals and deferred income		539	530
		<u>649</u>	<u>606</u>
12. CREDITORS : amounts falling due after more than one year		2000 £000	1999 £000
Amounts owed to group undertakings		<u>460</u>	<u>460</u>
13. DEFERRED TAX		2000 £000	1999 £000
1 January		-	106
Transfer to profit and loss account:			
Current year provision		-	(106)
31 December		<u>-</u>	<u>-</u>
Deferred tax has been provided in full in respect of liabilities arising from the following:			
Other timing differences		<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

14.	CALLED UP SHARE CAPITAL	2000 £000	1999 £000
	Authorised, allotted, issued and fully paid: 1,000 ordinary shares of £1 each	1	1
15.	PROFIT AND LOSS ACCOUNT	2000 £000	1999 £000
	1 January	16	4
	Retained profit/(loss)	17	12
	31 December	33	16

16. PENSIONS

Officers and employees of the Tokyo branch are covered by an unfunded retirement allowance plan. Allowance amounts are provided based on length of service, standard monthly salary at date of termination and whether termination is voluntary or involuntary (involuntary termination is considered to occur upon mandatory retirement at the age of 60, death or certain other instances). The reserve for retirement allowance within accruals represents 100% of the aggregate liability computed under the assumption that all officers and employees involuntarily terminate at the balance sheet date (2000 : £241,823 - 1999 : £192,528).

		Land & Buildings	
17.	COMMITMENTS	2000 £000	1999 £000
	Operating lease commitments Payments committed to be made within one year by the Company for leases expiring: After five years	93	90

18. RELATED PARTY TRANSACTIONS

Financial Reporting Standard 8 exempts the reporting of transactions between Group companies. The Company has taken advantage of this exemption.

19. SUBSEQUENT EVENTS

Willis Group Holdings Limited was incorporated on 8 February 2001 as an exempted company under The Companies Act 1981 of Bermuda, for the sole purpose of redomiciling TA I Limited ("TA I") from the United Kingdom to Bermuda. On incorporation, Willis Group Holdings Limited was wholly-owned by Profit Sharing (Overseas), Limited Partnership, an affiliate of KKR.

Willis Group Holdings Limited, effective from 8 May 2001, exchanged its common shares for all the issued and outstanding ordinary shares of TA I. Further, on 10 April 2001, Willis Group Holdings Limited made an offer to exchange one of its non-voting management common shares for each outstanding non-voting management ordinary share of TA I. The offer expired on 8 May 2001, and at expiration, Willis Group Holdings Limited had received acceptances in respect of, or otherwise has rights to acquire, 99.8% of the outstanding non-voting management ordinary shares of TA I. As a consequence of these transactions, Willis Group Holdings Limited became the beneficial owner of 99.98% of TA I's issued and outstanding share capital.