

# **WILLIS CORROON JAPAN LIMITED**

(Registered No. 1689758)

## **DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

### **DIRECTORS**

MP Chitty

MDT Faber – appointed 1 March 1999

AJF Pace – resigned 1 September 1999

### **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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COMPANIES HOUSE

\*AU7T&RRT\*

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29/08/00

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report, together with the accounts, for the year ended 31 December 1999.

## 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 during 2000.

## RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation amounted to £12,000. The directors do not recommend the payment of a dividend.

## DIRECTORS

The present directors of the Company are named on page 1 which forms part of this report. The following director also held office during the year :

AJF Pace – resigned 1 September 1999

The directors who held office on 31 December 1999 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
	1.1.99 (or date of appointment)	31.12.99	
MDT Faber	30,000	50,000	138,000

No options were granted or exercised during the year.

## YEAR 2000

The Company experienced no significant disruption as a result of Year 2000 problems.

## 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.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999** (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS (continued)

In preparing the accounts on pages 5 to 12 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).

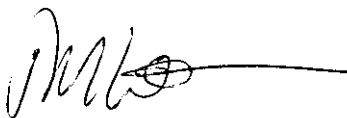
The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**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 who were appointed in place of Ernst & Young during the year, are willing to continue in office and the directors have agreed to their so continuing.

By Order of the Board



TM Warren  
Secretary

26 June 2000

Ten Trinity Square  
London EC3P 3AX

**REPORT OF THE AUDITORS TO THE MEMBERS OF WILLIS CORROON JAPAN LIMITED**

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on pages 2 and 3 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

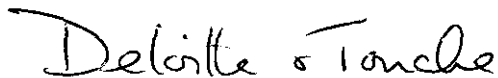
**Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

26 June 2000

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 £000	1998 £000
Turnover	3	435	375
Other income	3	3,181	3,157
OPERATING REVENUE		<u>3,616</u>	<u>3,532</u>
Operating expenses		<u>3,423</u>	<u>3,505</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	193	27
Tax on profit on ordinary activities	7	181	48
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>12</u>	<u>(21)</u>
RETAINED PROFIT/(LOSS)	15	<u>12</u>	<u>(21)</u>

## RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1999

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £12,000 in the year ended 31 December 1999 and the loss of £21,000 in the year ended 31 December 1998.

## BALANCE SHEET AT 31 DECEMBER 1999

	Note	1999 £000	1998 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>106</u>	<u>145</u>
<b>CURRENT ASSETS</b>			
Debtors	9	761	603
Investments	10	25	15
Cash at bank and in hand		<u>191</u>	<u>282</u>
		977	900
<b>CURRENT LIABILITIES</b>			
CREDITORS : amounts falling due within one year	11	<u>606</u>	<u>580</u>
NET CURRENT ASSETS		<u>371</u>	<u>320</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		477	465
CREDITORS : amounts falling due after more than one year	12	<u>460</u>	<u>460</u>
		<u>17</u>	<u>5</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1	1
Profit and loss account	15	16	4
EQUITY SHAREHOLDERS' FUNDS		<u>17</u>	<u>5</u>

Approved on behalf of the Board on 26 June 2000.

  
MP Chitty  
Director

**MOVEMENT IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 1999**

	1999 £000	1998 £000
Profit/(loss) for the financial year	12	(21)
Net movement in shareholders' funds for the year	12	(21)
Shareholders' funds at 1 January	5	26
Shareholders' funds at 31 December	17	5

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

## 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.



## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999 (continued)

## 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.

	1999 £000	1998 £000
United Kingdom	2,959	2,883
North America	222	274
Rest of the World	435	375
	<u>3,616</u>	<u>3,532</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.

## 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation was arrived at after charging:

	1999 £000	1998 £000
Auditors remuneration:		
Audit fees	11	3
Audit fees to other firms	-	4
Depreciation on:		
Long leasehold property	3	3
Owned assets	36	23
Operating lease rentals:		
Land and buildings	99	93
	<u>99</u>	<u>93</u>

## 5. EMPLOYEES

Employee costs net of amounts reimbursed by fellow subsidiary undertakings during the year consisted of:

	1999 £000	1998 £000
Salaries	1,649	1,681
Social security costs	141	138
Other pension costs	119	149
	<u>1,909</u>	<u>1,968</u>

	1999 Number	1998 Number
Number of employees - average for the year	<u>17</u>	<u>27</u>

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.

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999 (continued)

6.	DIRECTORS' EMOLUMENTS	1999 £000	1998 £000
	Remuneration, excluding pension contributions	80	112
	Benefits	42	1
		<u>122</u>	<u>113</u>

Emoluments of the highest paid director of the Company (excluding pension contributions) and long term incentive award were £121,704 (1998 : £112,949).

	1999 Number	1998 Number
Directors exercising share options	-	1
Directors receiving shares under Long Term Incentive Plans	-	1
Directors eligible for defined benefit pension schemes	1	2

7.	TAX ON PROFIT ON ORDINARY ACTIVITIES	1999 £000	1998 £000
	Charge for the year:		
	UK corporation tax @ 30.25% (1998 : 31%)	75	70
	Deferred taxation (note 13)	106	(22)
		<u>181</u>	<u>48</u>

8.	TANGIBLE ASSETS	Long leasehold property £000	Furniture and equipment £000	Total £000
	Cost :			
	1 January 1999	45	195	240
	Additions	-	-	-
	Disposals	-	-	-
	31 December 1999	<u>45</u>	<u>195</u>	<u>240</u>
	Depreciation :			
	1 January 1999	28	67	95
	Provision for year	3	36	39
	Disposals	-	-	-
	31 December 1999	<u>31</u>	<u>103</u>	<u>134</u>
	Net book value 31 December 1999	<u>14</u>	<u>92</u>	<u>106</u>
	Net book value 31 December 1998	<u>17</u>	<u>128</u>	<u>145</u>

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 1999 (continued)

9.	DEBTORS	1999 £000	1998 £000
	Due within one year:		
	Amounts owed by group undertakings	705	465
	Other debtors	56	32
		<hr/>	<hr/>
		761	497
	Due after more than one year :		
	Deferred tax (see note 13)	-	106
		<hr/>	<hr/>
		761	603
		<hr/>	<hr/>
10.	INVESTMENTS	1999 £000	1998 £000
	Other current investments :		
	Cost	91	91
		<hr/>	<hr/>
	Market value	25	15
		<hr/>	<hr/>
	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	1999 £000	1998 £000
	Corporate tax	76	70
	Accruals and deferred income	530	510
		<hr/>	<hr/>
		606	580
		<hr/>	<hr/>
12.	CREDITORS : amounts falling due after more than one year	1999 £000	1998 £000
	Amounts owed to group undertakings	460	460
		<hr/>	<hr/>
13.	DEFERRED TAX	1999 £000	1998 £000
	1 January	106	84
	Transfer to profit and loss account :		
	Current year provision	(106)	22
		<hr/>	<hr/>
	31 December	-	106
		<hr/>	<hr/>
	Deferred tax has been provided in full in respect of liabilities arising from the following:		
	Other timing differences	-	106
		<hr/>	<hr/>
14.	CALLED UP SHARE CAPITAL	1999 £000	1998 £000
	Authorised, allotted, issued and fully paid: 1,000 ordinary shares of £1 each	1	1
		<hr/>	<hr/>

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999 (continued)

15. PROFIT AND LOSS ACCOUNT	1999 £000	1998 £000
1 January	4	25
Retained profit/(loss)	12	(21)
31 December	<u>16</u>	<u>4</u>

## 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 (1999 : £192,528 - 1998 : £194,340).

	Land & Buildings	
	1999	1998
17. COMMITMENTS	£000	£000
Operating lease commitments		
Payments committed to be made within one year by the Company for leases expiring:		
After five years	<u>90</u>	<u>78</u>

## 18. RELATED PARTY TRANSACTIONS

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