

WILLIS CORROON JAPAN LIMITED
(Registered Company No. 1689758)

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1994



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WILLIS CORROON JAPAN LIMITED

1

DIRECTORS

MP Chitty
AJF Pace

SECRETARY

MP Chitty

REGISTERED OFFICE

Ten Trinity Square
London EC3P 3AX

AUDITORS

Ernst & Young
Chartered Accountants
Becket House
1 Lambeth Palace Road
London SE1 7EU

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

The directors present their report, together with the accounts for the year ended 31 December 1994.

PRINCIPAL ACTIVITY AND PERFORMANCE REVIEW

The Company is an intermediary assisting in international insurance and reinsurance activities and has established a representative office in Tokyo, Japan. The directors do not anticipate any change in the Company's position during 1995.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation amounted to £42,000.

The directors do not recommend the payment of a dividend.

FIXED ASSETS

Details of the changes in tangible assets are shown in note 8 on page 11.

DIRECTORS

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

The directors who held office on 31 December 1994 and whose interests are not reported in the accounts of a parent company had the following interests in the ordinary shares of Willis Corroon Group plc, the ultimate parent company, as recorded in the register kept for the purpose.

<u>Director</u>	<u>Ordinary Shares</u> <u>of 12½p each</u>		<u>Options over Ordinary Shares</u> <u>of 12½p each</u>			
	<u>1.1.94</u>	<u>31.12.94</u>	<u>1.1.94</u>	<u>Granted</u>	<u>Exercised</u>	<u>31.12.94</u>
MP Chitty	16,607	16,742	135,446	16,000	-	143,872
AJF Pace	736	871	9,605	-	-	9,605

The Company's ultimate parent company, Willis Corroon Group plc, has established the Willis Corroon Group Employee Share Ownership Plan (the "Plan") which is a discretionary trust and holds ordinary shares of Willis Corroon Group plc. The directors of the Company, who are employees of the Group, are members of the class of potential beneficiaries under the Plan and are to that extent interested in the unallocated Willis Corroon Group plc shares held by the Plan. At 31 December 1994 the Plan held 43,123 unallocated shares.

The Company's ultimate parent company, Willis Corroon Group plc, maintains directors' and officers' liability insurance cover for directors and officers of Willis Corroon Group plc and its subsidiaries.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 results for the financial year.

In preparing the accounts on pages 5 to 13 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.

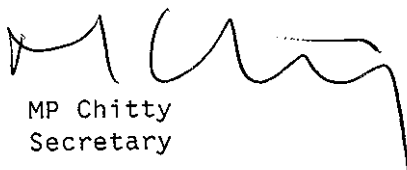
The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985 (as amended). The directors are also responsible 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 re-appoint auditors annually was approved by shareholders at the Annual General Meeting in April 1991.

Ernst & Young have expressed their willingness to continue in office as auditors and the directors have agreed to their so continuing.

By Order of the Board



MP Chitty
Secretary

20 March 1995
Ten Trinity Square
London EC3P 3AX

AUDITORS' REPORT TO THE SHAREHOLDERS OF WILLIS CORROON JAPAN LIMITED

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

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

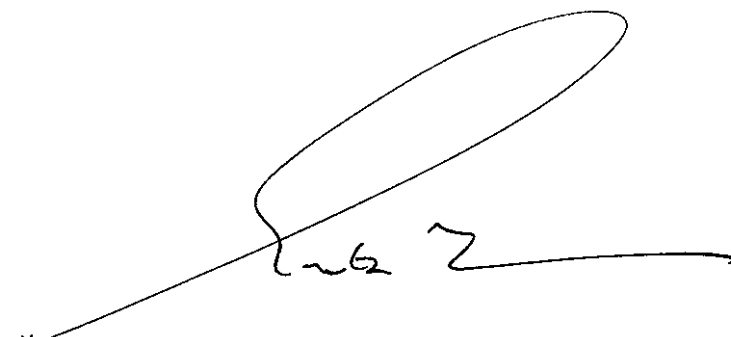
Basis of opinion

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 mis-statement, 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 the Company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

26 March 1995

WILLIS CORROON JAPAN LIMITED

5

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	1994 £000	1993 £000
Turnover	3	97	187
Other income	3	1,598	1,270
TOTAL INCOME		<u>1,695</u>	<u>1,457</u>
Expenses		<u>1,601</u>	<u>1,444</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	94	13
Tax on profit on ordinary activities	7	<u>52</u>	<u>23</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		42	(10)
PROFIT/(LOSS) RETAINED	15	<u>42</u>	<u>(10)</u>

WILLIS CORROON JAPAN LIMITED

6

BALANCE SHEET AT 31 DECEMBER 1994

	Notes	1994 £000	1993 £000
FIXED ASSETS			
Tangible assets	8	<u>61</u>	<u>72</u>
CURRENT ASSETS			
Debtors	9	1,139	1,664
Investments	10	92	93
Deposits and cash		203	174
		<u>1,434</u>	<u>1,931</u>
CURRENT LIABILITIES			
CREDITORS : amounts falling due within one year	11	<u>1,039</u>	<u>1,552</u>
NET CURRENT ASSETS		<u>395</u>	<u>379</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		456	451
CREDITORS : amounts falling due after more than one year			
	12	460	460
PROVISIONS FOR LIABILITIES AND CHARGES			
	13	<u>(65)</u>	<u>(28)</u>
		<u>61</u>	<u>19</u>
CAPITAL AND RESERVES			
Called up share capital	14	1	1
Profit and loss account	15	60	18
		<u>61</u>	<u>19</u>
SHAREHOLDERS' FUNDS			
		<u>61</u>	<u>19</u>

Approved on behalf of the Board on 20 March 1995

Andrew Pace

Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1994

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £42,000 in the year ended 31 December 1994 and the loss of £10,000 in the year ended 31 December 1993.

MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1994

	1994 £000	1993 £000
Profit/(loss) for the financial year	42	(10)
Net movement in shareholders' funds for the year	42	(10)
Shareholders' funds at 1 January	19	29
Shareholders' funds at 31 December	61	19

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1994

1. ULTIMATE PARENT COMPANY

The Company is a wholly-owned subsidiary of Willis Faber Limited, a company incorporated in Great Britain. The ultimate parent company is Willis Corroon Group plc, which is incorporated in Great Britain. Copies of Willis Corroon Group plc's accounts 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 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 10% of cost, over their expected useful lives. The rates generally used are:
- | | |
|---------------------------|-------------------------|
| Long leasehold properties | 14.2 per cent per annum |
| Furniture and equipment | 14.2 per cent per annum |
| Motor vehicles | 31.9 per cent per annum |
- (e) Deferred tax
Provision for deferred tax is made using the liability method for all timing differences to the extent that it is probable that a liability will crystallise.
- (f) Retirement Allowance
The cost of providing post-retirement benefit is charged to profit and loss account over the periods benefiting from the employees' services, based on the cumulative length of qualifying service of each employee.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

3. TURNOVER

The table below analyses the Company's 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.

	1994 £000	1993 £000
United Kingdom	1,198	953
United States of America	400	317
Rest of the world	97	187
	<u>1,695</u>	<u>1,457</u>

Other income represents fees received from fellow subsidiary undertakings as reimbursement for services performed on their behalf.

4. EMPLOYEES	1994 £000	1993 £000
Employee costs incurred during the year consisted of :		
Salaries	669	609
Social security costs	38	101
Other pension costs	34	8
	<u>741</u>	<u>718</u>

	1994 Number	1993 Number
Number of employees - at 31 December	8	9
- average for the year	9	8

The staff working for the Company are employed by other subsidiary undertakings of Willis Corroon Group plc. 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 1994 (continued)

	1994 £000	1993 £000
5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
The profit on ordinary activities before taxation was arrived at after charging:		
Auditors' remuneration		
Audit fees	5	4
Other services provided by Ernst & Young	1	1
Depreciation on		
Long Leasehold property	4	5
Owned assets	11	13
Operating Lease Rentals		
Land and Buildings	322	317
6. DIRECTORS' EMOLUMENTS		
Remuneration, including pension contributions	65	60
Benefits	9	13
Employer's pension contributions	15	14
	<u>89</u>	<u>87</u>
The remuneration of the directors of the Company (excluding pension contributions) was:		
	1994 £000	1993 £000
Highest paid director	<u>74</u>	<u>73</u>
All directors:	Number	Number
NIL	1	2
£70,001 - £75,000	1	1
Details of options over ordinary shares are shown in the Directors' Report on page 2.		
	1994 £000	1993 £000
7. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Charge for the year:		
UK corporation tax @ 33%	89	49
Deferred tax	(37)	(26)
	<u>52</u>	<u>23</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

8. TANGIBLE ASSETS

	Long leasehold property	Furniture equipment and vehicles	Total
	£000	£000	£000
Cost:			
1 January 1994	41	72	113
Additions	-	4	4
	<hr/>	<hr/>	<hr/>
31 December 1994	41	76	117
	<hr/>	<hr/>	<hr/>
Depreciation:			
1 January 1994	12	29	41
Provision for year	4	11	15
	<hr/>	<hr/>	<hr/>
31 December 1994	16	40	56
	<hr/>	<hr/>	<hr/>
Net book value 31 December 1994	25	36	61
	<hr/>	<hr/>	<hr/>
Net book value 31 December 1993	29	43	72
	<hr/>	<hr/>	<hr/>

1994	1993
£000	£000

9. DEBTORS

Due within one year:		
Amounts owed by fellow subsidiary undertakings	868	1,271
Other debtors	18	77
	<hr/>	<hr/>
	886	1,348
	<hr/>	<hr/>
Due after more than one year:		
Other debtors	253	316
	<hr/>	<hr/>
	1,139	1,664
	<hr/>	<hr/>

10. INVESTMENTS HELD AS CURRENT ASSETS

Other current investments	92	93
	<hr/>	<hr/>

Membership of a Japanese golf club is the principal investment within the above and is stated at cost.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

	1994 £000	1993 £000
11. CREDITORS : amounts falling due within one year		
Amounts owed to fellow subsidiary undertakings	718	1,402
Corporate tax	101	41
Accruals	220	109
	<u>1,039</u>	<u>1,552</u>
12. CREDITORS : amounts falling due after more than one year		
Amounts owed to fellow subsidiary undertakings	<u>460</u>	<u>460</u>
13. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred tax		
Balance at 1 January	(28)	(2)
Transfer to profit and loss account	(37)	(26)
Balance at 31 December	<u>(65)</u>	<u>(28)</u>
In respect of:		
Other timing differences	<u>(65)</u>	<u>(28)</u>
14. CALLED UP SHARE CAPITAL		
Authorised, allotted, issued and fully paid: 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
15. PROFIT AND LOSS ACCOUNT		
Balance at 1 January	18	28
Profit/(loss) retained	42	(10)
Balance at 31 December	<u>60</u>	<u>18</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

	1994 £000	1993 £000
16. COMMITMENTS		
Operating lease commitments		
Payments committed to be made within one year:		
Land and buildings		
Expiry of lease after five years	192	228

17. 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 represents 100% of the aggregate liability computed under the assumption that all officers and employees involuntarily terminate at the balance sheet date.