WILLIS EMPLOYEE BENEFITS LIMITED

Registered Number 05641509

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Directors

KJ Newman
I Rinck (Resigned 12 July 2019)
PJ Murphy (Appointed 20 August 2019)

Registered Office

51 Lime Street
EC3M 7DQ
London

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ

WILLIS EMPLOYEE BENEFITS LIMITED

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WILLIS EMPLOYEE BENEFITS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Company activities and review of developments

Willis Employee Benefits Limited (the 'Company') provides employee benefits services including the design, implementation, communication and administration of employee benefit programmes. Benefit programmes include pension schemes, group death in service, income protection, private medical insurance, total reward strategies and absence management.

The Company is a subsidiary of Willis Towers Watson plc. Willis Towers Watson plc, together with its subsidiaries ('WTW') is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. Until its de-registration on 26 January 2018, the Company was regulated by the Financial Conduct Authority ('FCA'). The Company is domiciled and incorporated in the UK.

On 16 March 2017, the Directors approved the sale of new and renewal employee benefit broking and advisory activities within the Company to Willis Limited, a fellow group undertaking, for proceeds of £4,009,500 and the sale of new and renewal retirement and pension derived activities within the Company to Towers Watson Limited, a fellow group undertaking, for proceeds of £1,087,500. Both sales were completed on 22 March 2017. No assets or liabilities were transferred as part of this arrangement, and no costs were incurred in relation to these transactions.

Following the sale of these new and renewal businesses, the Company ceased to take on new business and is managing the run-off of its historic portfolio of business.

Results

The profit after taxation amounted to £25,000 (2017: profit of £5,552,000) as shown in the income statement on page 11. The decrease in profit is attributable to:

- £5,097,000 decrease in profit on disposal of book of business as above;
- £1,118,000 reduction in brokerage and fees; and
- £40,000 adverse movement in foreign exchange,

partly offset by:

- £623,000 decrease in operating expenses;
- £102,000 decrease in tax charge; and
- £3,000 increase in interest receivable.

Balance sheet

The balance sheet on page 12 of the financial statements shows the Company's financial position at the year end. Shareholder's equity has increased by £25,000, reflecting the Company's profit for the year as above. The cash balance has been used in order to settle certain group inter-company relationships within the year.

WTW manages its operations on a business segment basis. For this reason, the Company's directors believe that key performance indicators for the Company are not meaningful for an understanding of the development, performance or position of the business. The performance of WTW, which includes the Company, is discussed in WTW's financial statements which do not form part of this report.

Principal risks and uncertainties

The Board considers the risks and uncertainties on a periodic basis including assessment of risk appetite and monitoring of risk against that appetite.

The principal risks and uncertainties facing the Company are:

Exposure to WTW plc

The Company is a wholly-owned subsidiary of Willis Towers Watson plc ('WTW plc'). WTW plc is a leading global advisory, broking and solutions company, is listed on the NASDAQ and has total assets at 31 December 2018 of US$ 32.4 billion.

The Company is executing WTW's strategy, which will involve change to the organisation and operations of the Company. The Company is dependent upon its ultimate parent company, WTW plc, and WTW for ongoing support in a wide range of areas, including the provision of operational and technology services and delivery of a number of key projects and initiatives. The Company also deposits surplus funds with WTW.

Principal risks and uncertainties (continued)

Currency Risk (Fx)

The Company earns its brokerage and fees in various currencies other than pounds sterling, its functional currency, and is therefore exposed to movement in exchange rates. WTW's treasury function takes out contracts to manage this risk at a group level.

Credit Risk

Credit risk is the risk that counterparties may not be able to repay amounts in full when due. This risk arises in respect of amounts due from clients and insurers in respect of brokerage not yet received, funded claims and funded premiums. It also arises in respect of its cash and investment holdings.

Brokerage not yet received is monitored closely to minimise the time taken to collect.

Data Security Risk

The Company depends on information technology networks and systems to process, transmit and store electronic information and to communicate among locations around the world and with the Company's alliance partners, insurance carriers/markets and clients. One of the Company's significant responsibilities is to maintain the security and privacy of the clients' confidential and proprietary information and the personal data of their customers and/or employees. The Company's information systems, and those of third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. Computer viruses, hackers, distributed denial of service attacks, malware infections, ransomware attacks, phishing and spear-phishing campaigns and other external hazards, as well as improper or inadvertent staff behaviour, could expose confidential company and personal data systems and information to security breaches.

Many of the software applications that the Company uses in the business are licensed from, and supported, upgraded and maintained by, third-party vendors. The Company's third-party applications include enterprise cloud storage and cloud computing application services provided and maintained by third-party vendors. These third-party applications store confidential and proprietary data of both the Company and its clients. The Company has processes designed to require third-party IT outsourcing, offsite storage and other vendors to agree to maintain certain standards with respect to the storage, protection and transfer of confidential, personal and proprietary information. However, the Company remains at risk of a data breach due to intentional or unintentional non-compliance by a vendor's employee or agent, the breakdown of a vendor's data protection processes, or a cyber-attack on a vendor's information systems. Further, the potential impact of a data breach of the third-party vendors' systems increases as the Company moves more of its data and its clients' data into the vendors' cloud storage, the Company engages in IT outsourcing or consolidates the group of third-party vendors that provide cloud storage or other IT services for the Company.

The Company maintains policies, procedures and technological safeguards designed to protect the security and privacy of its information. However, the Company cannot entirely eliminate the risk of data security breaches, improper access to or disclosure of confidential company or personally identifiable information. The Company's technology could fail to adequately secure the private information it holds and protect it from theft, computer viruses, hackers or inadvertent loss. In such circumstances, the Company could be held liable to its clients, which could result in legal liability or impairment to the Company's reputation, resulting in increased costs and/or loss of revenue.

Brexit

By being part of WTW, the Company is exposed to risks relating to the vote in the United Kingdom to leave the European Union. On 29 March 2017, the British Government triggered Article 50 of the Treaty of Lisbon, giving formal notification of the UK's intention to withdraw from membership of the European Union. These risks have been discussed in WTW's consolidated financial statements which do not form part of this report. The terms of Brexit, the date and manner of its occurrence and its impact remain uncertain for both WTW and the Company. WTW is currently in the process of establishing appropriate arrangements for the continued servicing of client business.

Environment

WTW recognises the importance of its environmental responsibilities and monitors its impact on the environment on a location by location basis, and designs and implements policies to reduce any damage that might be caused by its activities.

WILLIS EMPLOYEE BENEFITS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 19.

Communication with colleagues concerning the objectives and performance of WTW is conducted through staff briefings and regular meetings, complemented by colleague publications and video presentations. Feedback is continually sought from staff on a variety of business, management and human resources issues. These communication tools provide colleagues with the opportunity to contribute to the everyday running of the business, to support the achievement of WTW's vision and business strategy and to facilitate their personal development.

This strategic report was approved by the Board of Directors and authorised for issue on 19 September 2019 and signed on its behalf by:

KJ Newman
Director
51 Lime Street
London EC3M 7DQ

WILLIS EMPLOYEE BENEFITS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2018.

Strategic report

The Directors have approved the content of the Company's strategic report prepared in accordance with Section 414C of the Companies Act 2006. The strategic report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2018, along with the principal risks faced in achieving its future objectives, information on financial risk management and information about employees.

Going concern

Whilst the Company is no longer actively trading, the Directors do not foresee that the Company will enter into liquidation within the next twelve months and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 14.

Dividends

No interim dividend was paid in the year (2017: £5,097,000). The Directors do not recommend the payment of a final dividend (2017: £nil).

Employees

It is WTW's policy, in keeping with the legislation in the countries in which it operates, to provide a working environment free from all forms of harassment and discrimination, including discrimination against disabled colleagues, with respect to employment continuity, training, career development and other employment practices.

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. Ingmar Rinck resigned as a Director of the Company on 12 July 2019. Peter Murphy was appointed as a Director of the Company on 20 August 2019. There were no further changes in Directors during the year or after the year end.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company 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 accounting estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This Directors' report was approved by the Board of Directors and authorised for issue on 19 SEPTEMBER 2019 and signed on its behalf by:

KJ Newman
Director
51 Lime Street
London EC3M 7DQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS EMPLOYEE BENEFITS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Willis Employee Benefits Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS EMPLOYEE BENEFITS LIMITED (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS EMPLOYEE BENEFITS LIMITED (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

David Rush

David Rush FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 September 2019

WILLIS EMPLOYEE BENEFITS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Brokerage and fees	3	**28**	1,146
Turnover		**28**	1,146
Operating expenses		**(8)**	(631)
Operating income – foreign exchange gain		**1**	41
Operating profit	4	**21**	556
Profit on disposal of book of business	7	—	5,097
Interest receivable and similar income	8	**10**	7
Profit before taxation		**31**	5,660
Tax charge on profit	9	**(6)**	(108)
Profit for the year		**25**	5,552

All activities derive from continuing operations.

The notes on pages 14 to 21 form an integral part of these financial statements.

There is no other comprehensive income in either 2018 or 2017.

WILLIS EMPLOYEE BENEFITS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Current assets			
Debtors: amounts falling due within one year	11	**1,790**	1,226
Deposits and cash		—	854
		1,790	2,080
Current liabilities			
Creditors: amounts falling due within one year	12	**(169)**	(484)
Total assets less current liabilities		**1,621**	1,596
Net assets		**1,621**	1,596
Equity			
Called up share capital	13	**13**	13
Share premium account		**297**	297
Retained earnings		**1,311**	1,286
Shareholder's equity		**1,621**	1,596

The notes on pages 14 to 21 form an integral part of these financial statements.

The financial statements of Willis Employee Benefits Limited, registered company number 05641509, were approved by the Board of Directors and authorised for issue on 19 SEPTEMBER 2019 and signed on its behalf by:

KJ Newman
Director

WILLIS EMPLOYEE BENEFITS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31 2018

	Notes	Called up share capital £000	Share premium account £000	Retained earnings £000	Total £000
1 January 2017		13	297	831	1,141
Profit for the year		—	—	5,552	5,552
Total comprehensive income for the year		—	—	5,552	5,552
Dividends to shareholders	10	—	—	(5,097)	(5,097)
31 December 2017		**13**	**297**	**1,286**	**1,596**
Profit for the year		—	—	25	25
Total comprehensive income for the year		—	—	25	25
31 December 2018		**13**	**297**	**1,311**	**1,621**

The notes on pages 14 to 21 form an integral part of these financial statements.

1. General information and accounting policies

General information

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered number and address of the Company's registered office is shown on page 1 of this report.

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 and, consequently, has prepared these financial statements in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework ('FRS 101').

The financial statements have been prepared on the historical cost basis.

The principal accounting policies adopted are set out below.

Disclosure exemptions

The Company has taken advantage of certain disclosure exemptions permitted under FRS 101 in relation to, primarily: (i) business combinations; (ii) share-based payments; (iii) financial instruments; (iv) presentation of a cash flow statement; (v) related party transactions; and (vi) new International Financial Reporting Standards ('IFRSs') that have been issued but are not yet effective as, where required, equivalent disclosures are given in the group financial statements of Willis Towers Watson plc.

Going concern

Whilst the Company is no longer actively trading, the Directors do not foresee that the Company will enter into liquidation within the next twelve months and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In accordance with their duties set out in the Financial Services and Markets Act and the FCA's 'Threshold Condition 2.4 - Appropriate Resources' the Directors have conducted enquiries into the nature and quality of the assets, liabilities and cash that make up the Company's capital. Furthermore, the Directors' enquiries extend to the Company's relationship with WTW and external parties on a financial and non-financial level. Having assessed the responses to their enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of WTW to continue as a going concern or its ability to repay loans due to the Company from time to time.

As a consequence of the enquiries the Directors have a reasonable expectation that the Company has appropriate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

1. General information and accounting policies (continued)

Parent undertaking and controlling party

The Company's:

- immediate parent company and controlling undertaking is Willis Faber Limited; and
- ultimate parent company is Willis Towers Watson plc, a company incorporated in Ireland, whose registered office is Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland.

In accordance with Section 400 of the Companies Act 2006, the Company is exempt from the requirement to produce group financial statements.

The largest and smallest group in which the results of the Company are consolidated is Willis Towers Watson plc, whose financial statements are available to members of the public on WTW's website www.willistowerswatson.com, in the Investor Relations section.

Revenue recognition

Revenue principally comprises commissions and fees for services rendered. Commissions and fees negotiated are recognised at the later of policy inception date or when the policy placement is complete. Other consulting fees are recognised as the services are provided.

Revenue is stated net of VAT and other sales-related taxes, where applicable.

Interest receivable

Interest receivable is recognised as interest accrues using the effective interest method.

Foreign currency translation

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates ('the Functional Currency').

Transactions in currencies other than the Functional Currency are initially recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise, except for transactions entered into to hedge certain foreign currency risks (see Financial assets and financial liabilities, below).

1. General information and accounting policies (continued)

Pension costs

The Company has a defined benefit pension scheme and a defined contribution pension scheme. The defined benefit scheme was closed to new entrants in January 2006, and subsequently a salary freeze was enacted on 30 June 2015. New employees are now offered the opportunity to join the defined contribution scheme.

Defined benefit scheme

A defined benefit scheme is a pension scheme that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice.

Certain employees of the Company participate in a group defined benefit pension plan. As there is no contractual agreement or stated policy for charging the net defined benefit pension expense between group companies, the Company recognises as its pension cost the contributions payable under the scheme during the year. Such costs are charged to the profit and loss account as part of the employee costs in the period in which they fall due. The pension cost to the Company is based on the contribution rates assessed in accordance with actuarial advice. The pension contribution rates are based on pension costs across WTW's UK companies as a whole.

Defined contribution scheme

A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The costs of the defined contribution scheme in which the Company participates are charged to the profit and loss account as part of employee costs in the period in which they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Share-based payments

The Company's ultimate parent company, Willis Towers Watson plc, issues equity-settled share-based payments to certain employees of the Company under which the Company receives services from employees as consideration for these awards. The awards are granted by Willis Towers Watson plc and the Company has no obligation to settle the awards.

The fair value of the employee service received in exchange for the grant of the awards is recognised as an expense. A credit is recognised directly in equity. The equity-settled share-based payments are measured at fair value at the date of grant and are expensed on a straight-line basis over the vesting period, based on WTW's estimate of shares that will eventually vest.

1. General information and accounting policies (continued)

Income Taxes

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.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Financial assets and financial liabilities

Financial assets and financial liabilities include cash and cash equivalents, trade debtors and other receivables as well as trade creditors and other payables (including amounts owed to/by group undertakings) and derivative financial instruments.

The Company classifies its financial assets at amortised cost, on the basis of the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company classifies its financial liabilities at amortised cost.

Financial assets or financial liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, and subsequently measured at amortised cost using the effective interest method. Any resulting interest is recognised in interest receivable or interest payable, as appropriate.

At each reporting date, the Company measures the loss allowance for financial assets at amortised cost. Impairment losses on financial assets at amortised cost are recognised in profit or loss on an expected loss basis: lifetime expected losses are recognised for relevant financial assets for which there have been significant increases in credit risk since initial recognition, whereas 12-month expected losses (cash shortfalls over the life of the loan arising from a default in the next 12 months) are recognised if the credit risk on a financial asset has not increased significantly since initial recognition. For trade receivables, lifetime expected losses are recognised, under the simplified approach. There would be a rebuttable presumption that the credit risk on a financial asset had increased significantly if it were more than 30 days past due and a rebuttable presumption that a financial asset was in default if it were more than 90 days past due. The amount of any impairment loss is recognised in profit or loss.

Recent accounting pronouncements adopted in the current period

The introduction by the International Accounting Standards Board ('IASB') of International Financial Reporting Standards ('IFRSs') IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', effective for the Company during the year ended 31 December 2018, had no significant effect on the Company's financial statements and neither did the introduction of Interpretation ('IFRIC') IFRIC 22 'Foreign Currency Transactions and Advance Consideration' nor amendments to existing IFRSs or International Accounting Standards ('IASs') issued or adopted by the IASB. The Company did not adopt any new interpretations ('IFRICs') issued by the International Accounting Standards Board ('IASB') during the year ended 31 December 2018, and no amendment to IFRSs or International Accounting Standards ('IASs') issued or adopted by the IASB had a significant effect on its financial statements.

2. Critical accounting judgements and estimates

The preparation of financial statements in conformity with FRS 101 and the application of the Company's accounting policies, which are described in note 1, require management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the dates of the financial statements and the reported amounts of revenues and expenses during the year. Judgements, estimates and assumptions are made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that management has made in the process of applying the Company's accounting policies and/or the key assumptions or sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of loans and receivables

Management judgement is required to assess at the end of each reporting period whether there is any objective evidence that loans and receivables are impaired and, if so, to determine the amount of any impairment loss. See note 11 for the carrying amount of debtors. No impairment loss was recognised in 2018 or 2017.

3. Turnover

The table below analyses the Company's brokerage and fees by the registered company address of the client from whom the business is derived. This does not necessarily reflect the original source or location of the business. Brokerage and fees are attributable to continuing operations.

Turnover	**2018 £000**	2017 £000
United Kingdom	**28**	1,146

No further segmental analysis has been provided as all business is carried out in the UK.

4. Operating profit	**2018 £000**	2017 £000
Operating profit is stated after charging / (crediting)		
Current service cost of pension schemes:		
- defined contribution scheme (note 14)	**—**	48
Net foreign currency exchange differences	**(1)**	(41)

The foreign exchange gain of £1,000 (2017: £41,000) shown in the profit and loss account is mainly attributable to the fluctuation in the value of pound sterling and the Euro to the US dollar during the year.

Auditor's remuneration of £12,000 (2017: £12,000) was borne by another Group company.

5. Employee costs	2018 £000	2017 £000
Salaries and incentives	—	419
Social security costs	—	45
Pension costs:		
- defined contribution scheme (note 14)	—	48
Net employee costs	—	512

Number of employees – average for the period	2018 Number	2017 Number
Producer	—	2
Client services	—	5
Management/administration services	—	1
	—	8

The staff working for the Company are contractually employed by other subsidiary undertakings of Willis Towers Watson plc. Until 22 March 2017, the Company bears the cost of the salaries, social security payments and pension contributions relating to such staff.

With effect from 22 March 2017, following the disposal of the Company's employee benefits broking and consulting business, all staff costs were borne by other group companies.

6. Directors' remuneration

The Directors of the Company are remunerated by other WTW companies with no part of their remuneration being allocated to this Company. Therefore no disclosure of their remuneration has been made in these financial statements.

7. Profit on disposal of books of business	2018 £000	2017 £000
Profit on disposal of books of business	—	5,097

On 22 March 2017, the Company disposed of its employee benefits, broking and consulting business to Willis Limited for a cash consideration of £4,009,500. The Company also disposed of its retirement benefits consulting and advisory business to Towers Watson Limited for a cash consideration of £1,087,500.

8. Interest receivable and similar income	2018 £000	2017 £000
Interest receivable from group undertakings	10	7

9. Tax charge on profit	2018 £000	2017 £000
(a) Analysis of charge for the year		
Current tax:		
UK corporation tax	6	109
Adjustments in respect of prior periods	—	(1)
Total current income tax	6	108
Tax expense in the income statement (note 9(b))	6	108

	2018 £000	2017 £000
(b) Reconciliation of the total tax charge		
The tax assessed for the year is equal to (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:		
Profit before taxation	31	5,660
Tax calculated at UK standard rate of corporation tax of 19% (2017: 19.25%)	6	1,090
Effects of:		
Permanent differences - profit on the disposal of book of business (note 7)	—	(981)
Tax overprovided in previous years	—	(1)
Total tax expense in the income statement (note 9(a))	6	108

(c) Change in corporation tax rate

The Finance Act 2013 set the rate of UK corporation tax at 20% with effect from 1 April 2015. The Finance (No.2) Act 2015, which received royal assent on 18 November 2015, reduced the rate to 19% with effect from 1 April 2017 with a further reduction to 18% from 1 April 2020. The Finance Act 2016, which received royal assent on 15 September 2016, subsequently reduced the main rate of corporation tax from 18% to 17% from 1 April 2020. As the changes were substantively enacted prior to 31 December 2018, they have been reflected in these financial statements.

10. Dividends paid and proposed	2018 £000	2017 £000
Interim paid 29 June 2017 £392.08 per share	—	5,097

11. Debtors: amounts falling due within one year	2018 £000	2017 £000
Trade debtors	—	221
Amounts owed by group undertakings	1,790	1,005
	1,790	1,226

12. Creditors: amounts falling due within one year	2018 £000	2017 £000
Trade creditors	—	263
Amounts owed to group undertakings	163	47
Amounts owed to group undertakings in respect of corporation taxation group relief	6	109
Accruals and deferred income	—	65
	169	484

13. Called up share capital	2018 £000	2017 £000
Allotted, called up and fully paid		
13,000 (2017: 13,000) ordinary shares of £1 each	13	13

The Company has one class of ordinary shares, which carries no right to fixed income.

14. Pensions

Certain staff working for the Company are members of the Willis Pension Scheme in the United Kingdom ('the Scheme'), which is funded externally and is of the defined benefit type. The staff working for the Company are contractually employed by Willis Limited, a fellow subsidiary undertaking of Willis Towers Watson plc. 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 WTW's UK companies as a whole.

The most recent full actuarial valuation of the Scheme was at 31 December 2016. The most recent actuarial valuation has been reviewed and updated as at 31 December 2018, in order to assess the liabilities of the Scheme at 31 December 2018.

The Directors consider that the share of the Scheme's underlying assets and liabilities attributable to the Company's employees cannot be separately identified as several group companies participate in the Scheme. Accordingly all Scheme assets and liabilities are included on the balance sheet of Willis Limited.

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

The Scheme has been closed to new members since 1 January 2006.

Defined Contribution Scheme

The Company has operated a defined contribution scheme for new entrants since 1 January 2006, for which the pension cost charge for the year amounted to £nil (2017: £48,000).

15. Related party transactions

FRS101 (paragraph 8(k)) exempts the reporting of transactions between group companies in the financial statements of companies that are wholly owned within WTW. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.