WILLIS GROUP SERVICES LIMITED

(Registered Number 01451456)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

RR Goff
MJ Renwick
MJ Cherry
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Registered Office

51 Lime Street
London
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Auditor

Deloitte LLP
Statutory Auditor
London
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WILLIS GROUP SERVICES LIMITED

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WILLIS GROUP SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Company activities and review of developments

Willis Group Services Limited ('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 provider that helps clients around the world turn risk into a path for growth. The Company is domiciled and incorporated in the United Kingdom. The Company provides financial, leasing, property holding and administrative services principally for subsidiaries of WTW. The Company's principal sources of revenue are from income on leased assets, fees receivable in respect of management services and recharges to certain other WTW undertakings. Recharges are based on usage and are allocated using various methods including revenues and headcount.

There have been no significant changes in the Company's principal activities in 2020. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Proposed acquisition by Aon plc

On 9 March 2020, WTW and Aon plc ('Aon') issued an announcement disclosing that the boards of directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. On 26 August 2020, WTW and Aon announced that their respective shareholders had approved all the proposals necessary to complete this combination. The transaction is subject to other customary closing conditions, including required regulatory approvals. The parties expect the transaction to close in the second half of 2021, subject to satisfaction of these conditions.

Results

The profit on ordinary activities after taxation amounted to £4 million (2019: £nil) as shown in the income statement on page 17. The increase in profit after taxation is attributable to:

- £5 million increase in net costs billed; and
- £1 million decrease in interest payable to group undertakings,

offset by:

- £2 million increase in the tax charge.

Balance sheet

The Company adopted International Financial Reporting Standard 16 'Leases' with effect from 1 January 2019. Upon entering into its property leases, the Company obtains the right to control the use of an identified space for a lease term and recognises these right-of-use assets on its balance sheet with corresponding lease liabilities reflecting the obligation to make the related lease payments. Further details of this accounting policy are shown in note 1 to the financial statements.

The balance sheet on page 18 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £4 million largely as a result of:

- £18 million decrease in lease liabilities due in greater than one year;
- £15 million net increase in net amounts owed by group undertakings;
- £7 million increase in amounts owed by group undertakings in respect of corporation tax group relief;
- £6 million decrease in income tax and social security; and
- £6 million decrease in accruals and deferred income;

partly offset by:

- £17 million decrease in right-of-use asset;
- £12 million increase in other creditors;
- £7 million decrease in intangibles assets
- £7 million decrease in tangibles assets: and
- £4 million decrease in prepayments and accrued income.

WTW manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate 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 consolidated financial statements which do not form part of this report.

Principal risks and uncertainties

Currency risk

The Company has intercompany balances with fellow WTW undertakings in currencies other than pounds sterling, its functional currency, and is therefore exposed to movements in exchange rates. WTW's treasury function takes out contracts to manage this risk at a group level.

Principal risks and uncertainties (continued)

Contract Risk

The Company is party to a number of contracts, principally with other companies within WTW. The Company is therefore exposed to contractual risk arising from events or circumstances which might make it unable to fulfil its contractual obligations, such as system failure or counterparty bank failure.

Credit Risk

The Company has balances due from fellow WTW undertakings. There is a risk that counterparties may not be able to repay amounts in full when due. These balances are reviewed regularly and, where possible, settled through loan accounts held with WTW's treasury function.

Business & Technology Interruption Risk

The Company conducts operations largely in London and Ipswich (United Kingdom) and, in addition, relies on operations in Delhi and Mumbai (India) and in Manila (Philippines). These locations may be subject to natural and man-made catastrophes which may disrupt the Company's operations. WTW mitigates this risk through the documentation and testing of Business Continuity Plans, which include establishment of backup operational sites (including remote working) and procedures for re-establishment of operations. WTW maintains appropriate insurance cover for business interruption events.

WTW has established a control framework around the provision of IT services which aims to address these risks. These controls are subject to ongoing review and testing.

Data Security Risk

The Company's information systems, and those of its third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks which could expose confidential company and personal data systems and information to security breaches.

Many of the software applications used by the Company are licensed from, and supported, upgraded and maintained by, third-party vendors. WTW 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.

WTW maintains policies, procedures and technological safeguards designed to protect the security and privacy of information. However, the risk of data security breaches, improper access to, takeover of or disclosure of confidential company or personally identifiable information cannot entirely be eliminated.

Outsourcing Risk

As part of providing services to WTW, the Company relies on a number of third-party service providers. This could affect the quality of the Company's services. The Company could be required to incur unanticipated costs if the third-party service providers do not perform as expected or their services are disrupted. The Company manages this risk through processes of supplier and partner selection, onboarding and an ongoing programme of monitoring and review to ensure that the outsource partners remain appropriate.

COVID-19

The COVID-19 pandemic ('COVID-19') has had an adverse impact on global commercial activity, including the global supply chain, and has contributed to strain in financial markets, including, among other effects, significant volatility in equity markets, changes in interest rates and reduced liquidity on a global basis. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output. As such, there is a risk that COVID-19 could have a substantial negative impact on WTW's client demand and cash flow.

COVID-19 risks could magnify other risks. For example, the effectiveness of external parties, including governmental and non-governmental organisations, in combating the spread and severity of COVID-19 could have a material impact on demand for WTW's business. The rapid development and fluidity of COVID-19, including the continued development, availability and distribution of an effective vaccine, precludes any prediction as to the duration of COVID-19 and the ultimate adverse impact of COVID-19 on WTW's business. Nevertheless, COVID-19 continues to present significant uncertainty with respect to demand for WTW's products and services.

Principal risks and uncertainties (continued)

COVID-19 (continued)

In addition, COVID-19 has disrupted certain aspects of WTW's business and could continue to disrupt the Company's own business operations. As an increasing percentage of WTW's colleagues continue to work remotely, WTW faces resiliency risks, such as the risk that its information technology platform could potentially be inadequate to support increasing demand, as well as the risk that unusual working arrangements could impact the effectiveness of its operations or controls. The economic disruption caused by COVID-19 has impacted the pace at which WTW has made information technology-based investments, and WTW may continue to make fewer information technology-based investments than previously anticipated, which could potentially create business operational risk. In addition, WTW depends on third-party platforms and other infrastructure to provide certain of its products and services, and such third-party infrastructures face similar resiliency risks. These factors have exposed WTW to increased phishing and other cybersecurity attacks as cybercriminals try to exploit the uncertainty surrounding the COVID-19 pandemic, as well as an increase in the number of points of potential attack, such as laptops and mobile devices (both of which are now being used in increased numbers as many of WTW's employees work remotely), to be secured. A failure to effectively manage these risks, including to promptly identify and appropriately respond to any cyberattacks, may adversely affect WTW's business.

Also, a potential COVID-19 infection of any key WTW colleagues could materially and adversely impact its operations. Further, it is possible that COVID-19 impacts processes of third-party vendors on whom WTW relies, which could also materially impact its operations. The rapidly evolving changes in financial markets could also have a material impact on WTW's financial transactions.

All of the foregoing events or potential outcomes could cause a material adverse effect on the Company's own results of operations in any period and, depending on their severity, could also materially and adversely affect its financial condition. Furthermore, such potential material adverse effects may lag behind the developments related to the COVID-19 pandemic. Such events and outcomes also could potentially impact WTW's reputation with clients and regulators, among others.

Brexit

The Company is also exposed to additional risks by virtue of being part of WTW, including those relating to the United Kingdom having left the European Union ('the E.U.') on 31 January 2020. On 24 December 2020, the E.U. and the U.K. agreed to the terms of a Trade and Cooperation Agreement ('the TCA') that reflects certain matters agreed upon between the parties in relation to a broad range of separation issues. While many separation issues have been resolved, some uncertainty remains. These risks have been discussed in WTW's consolidated financial statements which do not form part of this report.

Environment

WTW recognises the importance of its environmental responsibilities, and 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 WTW's activities. WTW participates in The Clean City Awards, a programme developed and run by the City of London to promote and reward best practices in waste management for London businesses.

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 27.

WTW is committed to the participation and involvement of employees in WTW's business and to facilitating their personal development to its maximum potential.

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

Section 172 Companies Act 2006

In the course of the year, the Board of Directors of the Company complied with Section 172 of the Companies Act 2006 ('S172') by having regard to the following in all its principal decision making:

(a) the long-term consequences of any of its decisions;
(b) the interests of its employees;
(c) the Company's business relationships with its suppliers, customers and others;
(d) community and environment; and
(e) reputation and business conduct.

Section 172(f) does not apply to the Company as it is a wholly-owned subsidiary of Willis Towers Watson plc ('WTW').

In each case, the Board of Directors carefully considered the long-term consequences of each of these decisions where necessary by discussing with management the consequences of any decisions on its key stakeholders, the Company's reputation, and the impact on the wider culture.

WTW has a well-established Audit Committee and a Risk Management Committee, both of which review all the WTW Board's principal decisions based on their internal control assessments and risk assessments.

The key responsibility of the WTW Risk Management Committee is to assist the WTW Board's oversight of the framework, policies and practices used by the Company to identify, assess and manage key strategic and operational risks facing the Company. See https://investors.willistowerswatson.com/corporate-governance for the full Terms of Reference.

The purpose of the WTW Audit Committee is to assist the WTW Board's oversight of: (1) the integrity of the financial statements of WTW; (2) the selection and oversight of the independent auditor; (3) compliance with legal and regulatory requirements; (4) the independent auditor's qualifications and independence; (5) the performance of the independent auditor and the WTW internal audit function; (6) the establishment and maintenance of proper internal accounting controls and procedures; and (7) the preparation of an audit committee report as required by the U.S. Securities and Exchange Commission (the 'SEC') and as required by the NASDAQ Stock Market. See https://investors.willistowerswatson.com/corporate-governance for the full Terms of Reference.

All key recommendations made by management to the Board of Directors were, in the course of the year, put through a review process which involves a range of internal WTW structures, committees and working groups, to ensure the effective design and operation of controls within WTW. The internal structures include review and input from the WTW Risk, Compliance, Internal Audit, IT, Information Security, Legal and Finance functions and the business operations.

In the course of the year, the Board of Directors had access to management information in respect of the Company's day-to-day activities via a range of internal structures, committees and working groups.

A key value of WTW is to be strongly customer focused and to help its customers succeed. In every interaction, employees are encouraged to act in the best interests of all clients and customers, whether internal or external, by striving to fully understand their needs, to respect their perspectives and to exceed their expectations.

All employees of WTW have access to the WTW intranet, which provides opportunities for multi-layered interaction between employees and management. WTW prioritised the safety and well-being of employees at the forefront of all office closures and return to office decisions during the COVID-19 pandemic. In order to keep abreast of the issues facing employees during 2020, WTW carried out an all-employee survey, as well as smaller, periodic surveys, which allowed WTW to pinpoint areas that required intervention. Directors used new ways of seeking feedback, maintaining a focus on morale and mental health as well as keeping in touch with employees.

The Directors had access to training on a variety of subjects including the WTW Code of Conduct.

WTW's culture of diversity also applies to its suppliers. WTW is committed to working with diverse suppliers who can provide fresh perspectives and viewpoints, in addition to maximising the benefits and support they can provide to employees and customers. The due diligence and on-boarding in relation to WTW's supply-chain emphasises compliance with WTW's core values and includes additional requirements relating to the risk of modern slavery.

WILLIS GROUP SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

Section 172 Companies Act 2006 (continued)

WTW strives to conduct business with integrity in an environmentally and socially responsible manner. To ensure that a healthy environment is sustained, the Board and the Company, aligned with WTW, seek new opportunities to improve and implement community and environmentally focused activities. Example of such activities include:

- Matching employees' charitable donations; and
- Volunteer day programmes which provide employees with paid opportunities to volunteer.

WTW recognises the importance of its environmental responsibilities and uses internal and external methods to measure its environmental and social governance progress. Internally, WTW has a taskforce that ensures focus on the areas of most importance to its stakeholders and that activities are aligned with WTW's strategic priorities and comprises representatives from across the business segments and corporate functions. Externally, WTW is focused on improving its performance ratings in public indices. Some examples of how the Company is committed to reducing its environmental impact include:

- Improving energy efficiency though its operations;
- Promoting recycling and minimising waste sent to landfill; and
- Using environmentally responsible office supplies.

Initiatives that WTW is involved in include being part of the 1-in-100 initiative, sponsoring the University of Cambridge's Centre for Risk Studies Risk Index, being a member of the global ClimateWise network, participating in the Global Adaption and Resilience Investment Working Group, sponsoring the Global Assessment Report, launching the Global Ecosystem Resilience Facility to develop resilience for vulnerable ecosystems, and being a leading member of the Insurance Development Forum. WTW also has a seat on the leadership group of the Global Innovation Lab for Climate Finance.

See https://www.willistowerswatson.com/en-US/About-Us/environmental-social-and-governance for further details.This strategic report was approved by of the Board of Directors and authorised for issue on 8 June 2021 and signed on its behalf by:

R Goff
Director
51 Lime Street
London, EC3M 7DQ

WILLIS GROUP SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

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 report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2020, along with the principal risks faced in achieving its future objectives and information on financial risk management.

Going concern

The Company's business activities and the factors likely to affect its future development and position are set out in the Strategic Report. The Company's financial projections indicate that it will generate positive cash flows on its own account for the foreseeable future. The Company deposits its excess own cash funds with WTW's centralised treasury function and so shares banking arrangements with its parent and fellow subsidiaries.

COVID-19 has had an adverse impact on global commercial activity, including the global supply chain, and has contributed to significant volatility in financial markets, including, among others, a decline in equity markets, changes in interest rates and reduced liquidity on a global basis. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output.

In light of the potential future disruption to WTW's business operations and those of its clients, suppliers and other third parties with whom it interacts the Directors considered it was appropriate to perform additional procedures and analysis, specific to COVID-19, to consider whether these events and uncertainties cast a material uncertainty upon the Company's ability to continue as a going concern. These additional procedures were carried out as part of a Group wide exercise in conjunction with the ultimate parent company, Willis Towers Watson plc, and considered business resilience and continuity plans, financial modelling, both for the Company and wider WTW group and stress testing of liquidity and financial resources.

Having assessed the responses to their enquiries, including those related to COVID-19, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern or its ability to repay loans due 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. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 20.

Dividends

No interim dividend was paid in the year (2019: £25 million). The Directors do not recommend the payment of a final dividend (2019: £nil).

Events after the balance sheet date

Proposed acquisition by Aon plc

On 12 May 2021 WTW announced the signing of a definitive agreement to sell Willis Re and a set of Willis Towers Watson corporate risk and broking and health and benefits services to Arthur J. Gallagher & Co. (Gallagher). These businesses will be divested for a total consideration of approximately US$3.57 billion.

The agreement resolves questions raised by the European Commission and is intended to address certain questions raised by regulators in certain other jurisdictions. Aon and Willis Towers Watson continue to work toward obtaining additional regulatory approval in all relevant jurisdictions, including the United States, where regulators are conducting an independent review of the Aon and WTW combination.

The transaction with Gallagher is contingent on the completion of the pending Aon and Willis Towers Watson combination, as well as other customary closing conditions. While Aon and WTW are working to complete their combination as soon as possible during the third quarter of 2021, the completion remains subject to the receipt of required regulatory approvals and clearances, including with respect to United States antitrust laws, as well as other customary closing conditions.

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 employees, with respect to employment continuity, training, career development and other employment practices. Other information regarding employees is presented in the Strategic Report, including in the Section 172 Companies Act 2006 section.

Business relationships

See the Section 172 Companies Act 2006 section in the Strategic Report for information on how the Directors have had regard to the need to foster the Company's business relationships.

Energy and Carbon Report 2020

Climate change and its growing impact on society represents a significant global challenge. As one of the world's leading risk advisors and experts in assessing and mitigating climate risk, WTW is committed to supporting measures aimed at helping to tackle climate change.

Scope of this report

UK's Streamlined Energy and Carbon Reporting (SECR) requires that large companies must provide an annual energy and carbon report focused on their UK operations. This report is focused on WTW's UK operations. Where WTW is noted, the data covers all WTW operations including, but not limited to, WTW's UK operations. The data in this report is for the period 1 January 2020 to 31 December 2020, unless specified.

Systems

WTW recognises its environmental responsibilities and the need to minimise its impact on the environment.

Focus areas

WTW is currently in the process of designing and implementing processes to reduce its carbon footprint. Its work involves reducing its environmental impact and carbon emissions through improvements to energy efficiency in its operations, reducing the need for business travel through the use of virtual meeting technologies, promoting recycling and reducing the waste sent to landfill.

Real Estate and workplace transformation, agile and remote working: WTW has a global workplace vision and coordinated strategy that includes an office consolidation programme and the introduction of agile working. Agile working gives WTW colleagues more choice over how and where they work, including technology that enables remote working. Through office consolidations and increasing remote working capability, WTW continues to deliver benefit in the form of overall reductions in office energy use and colleague commutes.

During the course of 2020, office-based operations were significantly reduced, thereby reducing the overall potential carbon footprint. As this is the first year of this disclosure, a comparison against the data for the year ended 2019 has not been possible. However, the offices in London remained shut but for a skeleton colleague base between the months of March and September 2020. In September 2020, the offices in the UK re-opened for c. 10% of colleagues but were closed again in December 2020. Therefore, the data for greenhouse gas emissions is reflective of the COVID-19 situation and an increase is expected in 2021.

Colleagues

WTW engages its 45,000 colleagues globally through the promotion of WTW-wide and local initiatives. WTW colleagues are encouraged to adopt environmentally responsible habits, like paper-less record-keeping and recycling, and learn information about new sustainability initiatives through internal communications and promotional campaigns.

Clients

WTW partners with its clients and communities to help address their social and economic challenges. WTW accomplishes this through a combination of its business services and corporate programmes.

For further information, see Section 172 Report.

Suppliers

WTW is committed to improving its suppliers' environmental impacts by increasing its demand for and use of goods that are developed in a sustainable way and contribute to a reduced carbon footprint, including Environmental, Social and Governance (ESG) questions and evaluation criteria within our procurement processes, and having in place a form of supplier contract that stipulates, where the form is in place, that all operations must be conducted in full compliance with all applicable laws in connection with the contract.

Energy and Carbon Report 2020 (continued)

Compliance

WTW's policy is to comply with all applicable environmental laws and regulations where it operates.

Corporate/Business Oversight

Internally, WTW has an ESG Taskforce that provides central governance and focuses on aligning its ESG commitments with its strategic priorities.

For more information, see ESG section of willistowerswatson.com.

Total Emission Scope Summary

Emission Type	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2e)
Scope 1 (direct)	776,819	**143**
Scope 2 (indirect)	1,935,079	**451**
Scope 3 (indirect)	26,620	**7**
Total	**2,738,518**	**601**

Scope 1 Emissions (Direct)

Emissions from activities owned or controlled by the Company that release emissions into the atmosphere. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles and emissions from chemical production in owned or controlled process equipment.

Energy Type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2e)
Gas	Emissions from combustion of gas	766,769	141
Transport	Emissions from combustion of fuel for transport purposes	10,050	2
Total		**776,819**	**143**

Scope 2 Emissions (Indirect)

Emissions released into the atmosphere associated with the Company's consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of the Company's activities, but which occur at sources the Company does not own or control.

Energy Type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2e)
Electricity	Emissions from purchased electricity	1,935,079	451
Total		**1,935,079**	**451**

Energy and Carbon Report 2020 (continued)

Scope 3 Emissions (Indirect)

Emissions that are a consequence of the Company's actions, which occur at sources which the Company does not own or control and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by the Company. Under SECR it is not mandatory to report rail or air travel.

Energy Type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2e)
Employee Owned Cars	Emissions from business travel in employee-owned vehicles where the company is responsible for purchasing the fuel (mandatory)	26,620	6.60
Total		**26,620**	**6.60**

Out of Scope

In addition to the emissions reported above, fuels with biogenic content are not required to be reported within the Company's emissions total and are outside of scope. For completeness, these are noted below.

Energy Type	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2)
Transport (e.g. cars)	-	0.34
Total	-	0.34

Total Emissions

Emission	Year 1 2020
Tonnes of CO_2e	601

Intensity Ratio

Intensity ratios compare emissions data with an appropriate business metric or financial indicator.

Intensity Measurement	Turnover (£m)	Intensity Ratio (tCO2e / Turnover £m)
Tonnes of CO2e per total £m revenue	244	**2.46**

The Company has chosen to use tonnes of CO2e per £m Turnover for its Intensity Ratio. As this is the first year of reporting, there are no comparisons of change from previous years.

Energy and Carbon Report 2020 (continued)

Quantification and Reporting Methodology

WTW has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from their energy suppliers, HH/AMR data, as well as landlord invoices where available. For sites with no available data, the usage estimate was calculated based on a similar size office space. As all the entities have employees across the estate, it was agreed that the usage for each entity would be worked out based on the number of employees at each site. This means that a sites usage could be split over multiple entities however total site usage has been captured and reported. Transport mileage data was provided for company and employee owned vehicles. CO2 emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information and retained within the organisations data file for reference where required.

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. There were no 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 Financial Reporting Standard 101, Reduced Disclosure Framework ('FRS 101'). 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 the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 they ought to have taken as a Director in order to make themselves 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 8 June 2021 and signed on its behalf by:

R Goff
Director
51 Lime Street
London, EC3M 7DQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS GROUP SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Willis Group Services Limited ('the company')

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 of Willis Group Services Limited which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are issued.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS GROUP SERVICES LIMITED (continued)

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management of internal audit, actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS GROUP SERVICES 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 the 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.

Nicholas Bowker ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

8 June 2021

WILLIS GROUP SERVICES LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	**2020** **£m**	2019 £m
Turnover	3	**243**	264
Operating expenses		**(228)**	(254)
Operating profit	4	**15**	10
Interest payable and similar charges	7	**(10)**	(11)
Profit/(loss) before taxation		**5**	(1)
Tax (charge)/credit on profit/(loss)	8	**(1)**	1
Profit/(loss) for the year		**4**	—

All activities derive from continuing operations.

Notes 1 to 22 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	**2020** **£m**	2019 £m
Profit/(loss) for the year		**4**	—
Items that will not be classified to profit or loss account:			
Actuarial gain relating to the defined benefit pension scheme	18	—	1
Total comprehensive income for the year		**4**	1

WILLIS GROUP SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	**2020 £m**	2019 £m
Fixed assets			
Intangible assets	10	**34**	41
Tangible assets	11	**52**	59
Right-of-use assets	12	**196**	213
Investments	13	**—**	—
		282	313
Current assets			
Debtors			
Amounts falling due within one year	14	**147**	561
Amounts falling due after more than one year	14	**13**	13
		160	574
Current liabilities			
Creditors: amounts falling due within one year	15	**(129)**	(560)
Lease liabilities - current		**(18)**	(18)
		(147)	(578)
Net current assets/(liabilities)		**13**	(4)
Total assets less current liabilities		**295**	309
Creditors: amounts falling due after more than one year	16	**—**	(1)
Provisions for liabilities	17	**(11)**	(11)
Defined benefit pension plan deficit	18	**(6)**	(5)
Lease liabilities - non-current		**(227)**	(245)
Net assets		**51**	47
Equity			
Called up share capital	20	**5**	5
Retained earnings		**46**	42
Shareholder's equity		**51**	47

Notes 1 to 22 form an integral part of these financial statements.

The financial statements of Willis Group Services Limited, registered company number 01451456, were approved by the Board of Directors and authorised for issue on 8 June 2021 and signed on its behalf by:

R Goff
Director

WILLIS GROUP SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

		Called up share capital	Retained earnings	Total
		£m	£m	£m
Balance at 1 January 2019		5	66	**71**
Profit for the year		—	—	—
Other comprehensive income:				
Actuarial gain on defined benefit pension scheme	18	—	1	**1**
Total comprehensive income for the year		—	1	**1**
Dividends to shareholders		—	(25)	**(25)**
Balance at 31 December 2019		**5**	**42**	**47**
Profit for the year		—	4	**4**
Total comprehensive income for the year		—	4	4
Balance at 31 December 2020		**5**	**46**	**51**

Notes 1 to 22 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 is registered in England and Wales. The Company's registered number and the address of its registered office are 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, primarily in relation to: (i) presentation of a cash flow statement; (ii) financial instruments; (iii) related party transactions; (iv) leases; and (v) new International Financial Reporting Standards ('IFRSs') that have been issued but are not yet effective as, where required, equivalent disclosures are given in the consolidated financial statements of Willis Towers Watson plc.

Going concern

The Company's business activities and the factors likely to affect its future development and position, including the potential impact of COVID-19, are set out in the Strategic Report.

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.

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.

1. General information and accounting policies (continued)

Revenue recognition

Turnover, which arises solely in the UK, comprises income on leased assets and fees receivable in respect of management services and recharges of expenses to other WTW undertakings, which are recognised as earned.

Revenue is stated net of VAT, where applicable.

Interest receivable and interest payable

Interest receivable and interest payable are 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 exchange differences on transactions entered into to hedge certain foreign currency risks (see Financial assets and financial liabilities, below).

Intangible fixed assets

Both acquired and other intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is calculated on a straight-line basis to write off the cost of such assets over their estimated useful economic lives as follows:

Software and development costs	Between 3 and 10 years

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated on a straight-line basis to write off the cost of such assets over their estimated useful economic lives as follows:

Furniture and equipment	Between 4 and 10 years
Short (under 50 years)/long leaseholds improvements	Over the shorter of the useful life or the period of the lease term

Expenditure for improvements is capitalised; repairs and maintenance are charged to expenses as incurred.

Tangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. Any impairment in the value of tangible fixed assets is charged to the income statement account in the period in which the impairment occurs.

Fixed asset investments

Investments in subsidiaries and associates are carried at cost less provision for impairment.

Pension costs

WTW has a defined benefit pension scheme and a defined contribution pension scheme covering the Company's employees. 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.

1. General information and accounting policies (continued)

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 WTW defined benefit pension plan. As there is no contractual agreement or stated policy for charging the net defined benefit pension expense between WTW companies, the Company recognises as its pension cost the contributions payable under the scheme during the year. Such costs are charged to the income statement 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 income statement 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.

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.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements although deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same tax authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are credited or charged 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.

Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

1. General information and accounting policies (continued)

Leases

Property leases - The Company enters into lease agreements, as a lessee, from time to time, primarily for the use of property for office space. It determines if an arrangement is a lease at the inception of the contract, and the nature of its operations is such that it is generally clear whether an arrangement contains a lease and what underlying asset is being leased. Upon entering into leases, it obtains the right to control the use of an identified space for a lease term and recognise these right-of-use assets on the balance sheet with corresponding lease liabilities reflecting the obligation to make the related lease payments. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using incremental borrowing rate, and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Right-of-use assets are amortised to the earlier of the end of their useful life or the end of the lease term.

The Company's property leases supports its London market operations with a lease term to 2032. Property leases often contain options to renew the lease, either through exercise of the option or through automatic renewal. Additionally, certain leases have options to cancel the lease with appropriate notice to the landlord prior to the end of the stated lease term. As the Company enters into new leases after it will consider these options as it assesses lease terms in its recognised right-of-use assets and lease liabilities. If the Company is reasonably certain to exercise an option to renew a lease, it includes this period in the lease term. To the extent that it has the option to cancel a lease, it recognises the right-of-use assets and lease liabilities using the term that would result from using this earlier date. If a significant penalty is required to cancel the lease at an earlier date, it assesses its lease term as ending at the point when no significant penalty would be due.

Variable payments - In addition to payments for previously-agreed base rent, many lease agreements are subject to variable and unknown future payments, typically in the form of common area maintenance charges (a non-lease component as defined by IFRS 16) or property taxes. These variable payments are excluded from the lease liabilities and right-of-use assets, and instead are recognised as lease expense within other operating expenses on the income statement as the amounts are incurred. To the extent that the Company has agreed to fixed charges for common area maintenance or other non-lease components, or the base rent increases by an index or rate (most commonly an inflation rate), these amounts are included in the measurement of the lease liabilities and right-of-use assets. The Company has elected the practical expedient under IFRS 16 which allows the lease and non-lease components to be combined in its measurement of lease liabilities and right-of-use assets.

Subleases - From time to time the Company may enter into subleases, as an intermediate lessor, if it is unable to cancel or fully occupy a space and are able to find an appropriate subtenant. However, entering subleases is not a primary objective of the business operations and these arrangements represent an immaterial amount of cash flows. The Company, as an intermediate lessor, classifies its subleases as finance leases or operating leases.

Incremental borrowing rates - As the discount rates implicit in the leases are generally not readily determinable, the Company is required to use judgement in the determination of the incremental borrowing rates used to calculate the present values of its future lease payments. Since the majority of Willis Towers Watson plc group debt is publicly-traded, the property function is centralised, and the treasury function is centralised and generally prohibits Willis Towers Watson plc's subsidiaries from borrowing externally, the Company has determined it appropriate to use the Willis Towers Watson plc group's consolidated unsecured borrowing rate, and adjust for collateralisation in accordance with IFRS 16. Using the resulting interest rate curves from publicly-traded debt at this collateralised borrowing rate, the Company selects the interest rate at lease inception by reference to the lease term and lease currency. All its leases are denominated in Pounds sterling.

Covenants and guarantees - The Company's leases do not subject it to restrictive covenants and contain no residual value guarantees.

1. General information and accounting policies (continued)

Financial assets and financial liabilities

Financial assets and financial liabilities include cash and cash equivalents, trade debtors and certain other receivables as well as certain 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 or at fair value through profit or loss, on the basis of the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value and are subsequently measured at fair value. Gains or losses arising from changes in fair value through profit and loss are presented in the income statement within interest income or expense in the period in which they arise.

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. 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.

The Company uses derivative financial instruments for other than trading purposes to alter the risk profile of an existing underlying exposure. Forward foreign currency exchange contracts are used to manage currency exposures arising from future income and expenses.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in fair value of derivatives that did not qualify for hedge accounting are recorded in the income statement.

Recent accounting pronouncements adopted in the current period

In March 2018, the International Accounting Standards Board ('IASB') issued a revised version of the *Conceptual Framework for Financial Reporting*, including: a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. These amendments were endorsed by the E.U. in November 2019, with an E.U. effective date of 1 January 2020, and became mandatorily effective for the Company from the beginning of its 2020 financial year. Adoption of these amendments did not have any significant effect on the Company's financial statements.

In October 2018, the IASB issued *Amendments to IFRS 3: Definition of a Business* which clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. These amendments were endorsed by the E.U. in April 2020, with an E.U. effective date of 1 January 2020, and became mandatorily effective for the Company from the beginning of its 2020 financial year. Adoption of these amendments did not have any significant effect on the Company's financial statements.

1. General information and accounting policies (continued)

Recent accounting pronouncements adopted in the current period(continued)

In September 2019, the IASB issued *Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform*, designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) in the pre-replacement period. These amendments were endorsed by the E.U. in January 2020, with an E.U. effective date of 1 January 2020, and became mandatorily effective for the Company from the beginning of its 2020 financial year. Adoption of these amendments did not have any significant effect on the Company's financial statements

No other amendments to IFRSs or International Accounting Standards ('IASs') issued or adopted by the IASB and endorsed by the E.U. that became effective for the Company during the financial year had a significant effect on the Company's financial statements.

2. Critical accounting judgements and estimates

The preparation of financial statements in conformity with FRS 101 and in the application of the Company's accounting policies, which are described in note 1, requires 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.

Critical judgements in applying the Company's accounting policies

Sublease identification

Management judgement has been applied in identifying, under IFRS 16, whether the Company's service contracts with fellow subsidiary undertakings include a sublease of which the Company is the intermediate lessor.

Key sources of estimation uncertainty

Useful economic lives of tangible fixed assets

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Management has performed sensitivity analysis which indicates that any reasonably possible changes to this assumption would not cause a material change in tangible fixed assets. See note 11 for the carrying amount of the tangible fixed assets, and note 1 for the useful economic lives for each class of assets.

2. Critical accounting judgements and estimates (continued)

Key sources of estimation uncertainty (continued)

Impairment of right-of-use assets

Management judgement is required to assess whether right-of-use assets are impaired. Due to the wide variety of factors that play a role in the economic value of these right of use assets,. it is not possible to conduct a full sensitivity analysis. However management assess that no reasonable possible scenario would result in the recoverable amount of right-of-use assets falling below carrying value.

Lease liabilities

Management judgement is required to determine the incremental borrowing rates used to calculate the present values of the Company's future lease payments. Management has performed sensitivity analysis which indicates that any reasonably possible changes to this assumption would not cause a material change in lease liabilities. See note 1 for further details.

3. Turnover

Turnover arises solely in the UK and is analysed in the table below.

	2020	2019
	£m	£m
Management charge	**8**	8
Expenses recharged to other WTW companies	**199**	222
Income on assets recharged to other WTW companies	**25**	24
Rental income	**11**	10
Total	**243**	264

4. Operating profit	Notes	**2020** **£m**	2019 £m
Operating profit is stated after charging/(crediting):			
Amortisation of intangible fixed assets	10	**13**	13
Depreciation of property, plant and equipment:			
Owned	11	**12**	11
Lease-related items:	12		
Depreciation of right-of-use assets (under IFRS 16)	12	**17**	16
Sublease income		**(11)**	(10)

See note 7 for the interest expense on lease liabilities (under IFRS 16), which is outside operating profit.

4. Operating profit (continued)

	2020	2019
Auditor's remuneration	**£000**	£000
Audit fees	**456**	447

The Company bore the audit fees of other UK WTW companies in the current and preceding year. These were subsequently recharged to other WTW companies. Fees payable to the Company's auditor for the audit of the Company's annual financial statements pursuant to legislation were £70,000 in 2020 and £65,000 in 2019.

	2020	2019
5. Employee costs	**£m**	£m
Salaries and incentives	**63**	64
Social security costs	**7**	7
Other pension costs	**3**	3
Total	**73**	74

	2020	2019
Number of employees - average for the period	**Number**	Number
Client services	**67**	35
Support services	**526**	521
Total	**593**	556

One associate was contractually employed by the Company from 1 January 2020. All remaining staff working for the Company are contractually employed by other subsidiary undertakings of Willis Towers Watson plc. The Company bears the cost of the salaries, social security payments and pension contributions relating to such staff in order to meet its obligations to other WTW companies.

Cash bonuses

The Company has accrued £9 million for the 2020 cash bonuses to be paid in 2021 (2019: £7 million).

6. Directors' remuneration

The Directors of the Company are employed by other WTW companies. No remuneration was payable to the Directors in respect of services provided to the Company during the year (2019: £nil).

	2020	2019
7. Interest payable and similar charges	**£m**	£m
Interest on lease liabilities (under IFRS 16)	**9**	9
Interest payable to group undertakings	**1**	2
Total interest payable and similar expenses	**10**	11

	2020	2019
8. Taxation	**£m**	£m
(a) Tax (credited) / charged in the income statement		
Current income tax:		
UK corporation tax	**1**	2
Adjustments in respect of prior periods	**1**	—
Total current income tax	**2**	2
Deferred tax:		
Origination and reversal of timing differences	**(1)**	(2)
Adjustments in respect of prior periods	—	(1)
Total deferred tax (8d)	**(1)**	(3)
Tax (charge)/credit in the income statement (8b)	**1**	(1)

	2020	2019
	£m	£m
(b) Reconciliation of total tax credit		
The tax assessed for the year is equal to (2019: lower than) the standard rate of corporation tax in the UK 19% (2019: 19%).		
Profit	**5**	(1)
Tax calculated at UK standard rate of corporation tax of 19% (2019: 19%)	**1**	—
Effects of:		
Capital allowances for the year less depreciation on qualifying assets	—	(1)
Adjustments in respect of prior periods	**1**	—
Other adjustments including effects of exchange rates	**(1)**	—
Total tax (charge)/credit in the income statement (8a)	1	(1)

(c) Change in corporation tax rate

The Finance (No.2) Act 2015, which received royal assent on 18 November 2015, reduced the rate of UK corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016, which received royal assent on 15 September 2016, subsequently reduced the main rate of corporation tax to 17% from 1 April 2020. The Finance Bill 2019-21, which was published on 17 March 2020 and received royal assent on 22 July 2020 repealed the reduction in the rate of UK corporation tax from 19% to 17% from 1 April 2020. The rate of UK corporation tax therefore remains at 19%. As the changes were substantively enacted prior to 31 December 2020, they have been reflected in these financial statements.

On 3 March 2021, the UK Government announced that from 1 April 2023, the main rate of UK corporation tax on profits over £250,000 will be increased to 25%. If enacted, this would increase the Company's deferred tax asset by £4 million. As the changes were not substantively enacted prior to 31 December 2020, they have not been reflected in these financial statements.

8. Taxation (continued)

(d) Deferred tax	**2020 £m**	2019 £m
The deferred tax included in the Company balance sheet is as follows:		
Deferred tax asset		
Capital allowances	**11**	10
Other provisions	**1**	1
	12	11

Deferred tax assets have been recognised to the extent they are regarded as more likely than not as being recoverable either against the Company's own future profits or by way of group relief against the future profits of fellow UK WTW companies.

Deferred tax in the income statement	**2020 £m**	2019 £m
Effect of deferred tax rate change	**(1)**	(3)
	(1)	(3)

9. Dividends paid and proposed	**2020 £m**	2019 £m
Equity dividends on ordinary shares:		
First interim paid on 6 March 2019, £5 per share	—	25

10. Intangible fixed assets	**Software and development costs £m**
Cost	
1 January 2020	106
Additions	6
Disposals	(2)
31 December 2020	**110**
Amortisation	
1 January 2020	65
Amortisation charge	13
Disposals	(2)
31 December 2020	**76**
Carrying amount 31 December 2020	**34**
Carrying amount 31 December 2019	41

All intangible fixed assets are considered to have finite lives.

11. Property, plant and equipment	Short leasehold improvements £m	Furniture, fittings and equipment £m	Total £m
Cost			
1 January 2020	57	56	**113**
Additions	—	5	**5**
Disposals	—	(2)	**(2)**
31 December 2020	**57**	**59**	**116**
Depreciation			
1 January 2020	29	25	**54**
Provision for the year	2	10	**12**
Disposals	—	(2)	**(2)**
31 December 2020	**31**	**33**	**64**
Carrying amount 31 December 2020	**26**	**26**	**52**
Carrying amount 31 December 2019	28	31	59

Following a full year review in 2020 £2 million of furniture, fittings and equipment were written off as they were no longer in use.

Short leasehold improvements include £26 million at 31 December 2020 (2019: £28 million) subject to operating leases as lessor.

12. Right-of-use assets	Land and buildings £m
Cost	
1 January 2020 and 31 December 2020	229
Depreciation	
1 January 2020	16
Provision for the year	17
31 December 2020	33
Carrying amount 31 December 2020	196
Carrying amount 31 December 2019	213

13. Investments held as fixed assets

Direct subsidiary undertakings at 31 December 2020 were:

	Percentage of share capital held	Class of share	Country of incorporation
Holding Company			
Willis Corroon Nominees Limited	100%	Ordinary of £1 each	United Kingdom
Dormant Company			
Willis Group Medical Trust Limited	100%	Ordinary of £1 each	United Kingdom

The registered address for both direct subsidiary undertakings is 51 Lime Street, London, EC3M 7DQ.

14. Debtors	Notes	2020 £m	2019 £m
Amounts falling due within one year:			
Amounts owed by group undertakings		**109**	525
Amounts owed by group undertakings in respect of corporation taxation group relief		**23**	16
Prepayments and accrued income		**6**	10
VAT		**7**	8
Other debtors		**2**	2
		147	561
Amounts falling due after more than one year:			
Deferred tax asset	8	**12**	11
Accrued rental income from subleases		**1**	2
		13	13
		160	574

Amounts falling after more than one year

The accrued rental income due after more than one year represents lease incentives in relation to rent receivable from operating subleases, primarily on the leased London headquarters of WTW. These will be charged to the income statement on a straight-line basis over the lease term.

15. Creditors: amounts falling due within one year	2020 £m	2019 £m
Amounts owed to group undertakings	**66**	497
Income tax and social security	**13**	19
Other creditors	**31**	19
Accruals and deferred income	**19**	25
	129	560

16. Creditors: amounts falling due after more than one year	2020 £m	2019 £m
Other creditors	—	1
	—	1

17. Provisions for liabilities	Dilapidation provision £m	Long term disability provision £m	Total £m
1 January 2020			
Current	—	—	—
Non-current	8	3	11
	8	3	11
Charged to the income statement	—	1	1
Utilised in the year	—	(1)	(1)
31 December 2020	8	3	11
Analysed as:			
Current	—	—	—
Non-current	8	3	11
	8	3	11

Dilapidation provision
The provision is in respect of the estimated costs of dilapidation work on leased properties prior to the properties being vacated at the end of the lease term.

Long term disability provision
The provision is in respect of the salary costs of individuals who became long term sick prior to 2009. WTW has "self insured" against the costs of continuing to pay these individuals. All persons becoming eligible for long term sick pay from the start on 2009 onwards are now covered by external insurance.

18. Pensions

Defined Benefit Scheme

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 actuarial valuation of the Scheme was at 31 December 2020.

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 WTW companies participate in the Scheme. Accordingly all Scheme assets and liabilities are included on the balance sheet of Willis Limited. The Scheme showed an overall surplus after tax of $653 million (£477 million) at 31 December 2020 compared with an overall surplus after tax of $604 million (£456 million) at 31 December 2019. Company funded contributions were made at the rate of 14% of basic salaries in both 2020 and 2019. In addition, the Scheme contributions were 10% in both 2020 and 2019 for all employed members.

18. Pensions (continued)

Defined Benefit Scheme (continued)

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

The Scheme was closed to new members from 1 January 2006.

On 6 March 2015, a salary freeze for the UK defined benefit pension plan was announced such that, from 1 July 2015, future pay increases will not count towards the calculation of the pension.

Unfunded Defined Benefit Scheme

The Company also operates an Unfunded Defined Benefit Scheme ('the Unfunded Scheme') for a number of pensioners and deferred pensioners in the UK. At 31 December 2020, the Unfunded Scheme has no active members. The Unfunded Scheme was closed to new members in April 2006.

The Company obtained a full actuarial valuation for the Unfunded Scheme. This was carried out at 31 December 2020 by a qualified actuary.

The major assumptions used for the actuarial valuation were:

Unfunded Defined Pension Scheme	**2020**	2019
	%	%
Discount rate	**1.77**	2.5
Inflation assumption (RPI)	**2.85**	3.1
Inflation assumption (CPI)	**2.15**	2.45
Mortality (i)	**91%/91% S3NA for males/ females, CMI 2019, 1% long-term improvement**	**86%/86% S2NA for males/ females, CMI 2018, 1% long-term improvement**

(i) S2NA represents a mortality table; CMI represents assumed improvement in mortality.

At 31 December 2020, the Company recognised a deficit of £6 million on the balance sheet for the present value of Unfunded Scheme liabilities (2019: deficit of £5 million). The Unfunded Scheme has no assets. No deferred taxes have been recognised on the Unfunded Scheme liabilities.

During the year ended 31 December 2020:

- no amounts were charged to operating profit (2019: £nil);
- £0.1 million (2019: £0.2 million) was charged to net finance charges reflecting the interest on pension scheme liabilities;
- an actuarial loss was reflected in the statement of comprehensive income of £0.4 million (2019: gain of £1.3 million);
- contributions by the Company to the Unfunded Scheme were £0.3 million (2019: £0.3 million); and
- benefits paid were £0.3 million (2019: £0.3 million).

The Company expects to contribute approximately £0.3 million to the Scheme in 2021.

The cumulative amount of actuarial loss recognised in the income statement is £1.2 million (2019: loss of £0.8 million)

Defined Contribution Scheme

The Company has operated a defined contribution scheme for new entrants from 1 January 2006 for which the pension cost charge for the year amounted to £3 million (2019: £3 million).

19. Commitments and lease liabilities

The Company had not contracted for any capital expenditure on fittings, fixtures and equipment as at 31 December 2020. As at 31 December 2019 the Company had contracted for but not provided for capital expenditure of £2 million on fittings, fixtures and equipment.

The Company as a lessee

Lease liabilities

Lease liabilities at 31 December 2020 included £148 million (2019: £169 million) due after more than five years from that date.

Annual commitments under non-cancellable operating leases under IAS 17 were:

	Land and buildings		
	Lime Street	**Other**	**Total**
	2020	**2020**	**2020**
Lease expiry date	**£m**	**£m**	**£m**
After five years	21	6	**27**
Total annual operating lease commitments	**21**	**6**	**27**

The Company provides WTW with its London headquarters. In November 2004, the Company entered into a 25-year agreement with long-time client British Land plc to lease these headquarters for WTW on Lime Street, London. The Company took control of the building in June 2007 and WTW's London based employees moved into the new building at the end of April 2008. The remaining lease term at 31 December 2020 was 11.5 years.

As at 31 December 2020, the outstanding contractual obligation in relation to this commitment was £297 million (2019: £323 million).

The Company's total cash outflow for leases during the year ended 31 December 2020 was £26 million.

The Company as an intermediate lessor

The Company has entered into sublease agreements for some of its excess leased space

Maturity analysis of undiscounted operating lease payments by tenants of the Company under IFRS 16:

	Lime Street
	2020
Land and buildings	**£m**
2021	6
2022	3
2023	3
2024	3
2025	1
2026 and onwards	7
	23

20. Called up share capital	2020 £m	2019 £m
Allotted, called up and fully paid		
5,000,000 (2019: 5,000,000) ordinary shares of £1 each	5	5

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

21. Related party transactions

FRS 101 (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.

22. Events after the balance sheet date

On 12 May 2021 WTW announced the signing of a definitive agreement to sell Willis Re and a set of Willis Towers Watson corporate risk and broking and health and benefits services to Arthur J. Gallagher & Co. (Gallagher). These businesses will be divested for a total consideration of approximately US$3.57 billion.

The agreement resolves questions raised by the European Commission and is intended to address certain questions raised by regulators in certain other jurisdictions. Aon and Willis Towers Watson continue to work toward obtaining additional regulatory approval in all relevant jurisdictions, including the United States, where regulators are conducting an independent review of the Aon and WTW combination.

The transaction with Gallagher is contingent on the completion of the pending Aon and Willis Towers Watson combination, as well as other customary closing conditions. While Aon and WTW are working to complete their combination as soon as possible during the third quarter of 2021, the completion remains subject to the receipt of required regulatory approvals and clearances, including with respect to United States antitrust laws, as well as other customary closing conditions.