WILLIS LIMITED

Registered Number 00181116

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Directors

Executive Directors

Nicolas Aubert	
Peter J Carter	
James E Kent	
Catherine Roy	
Dipesh M P R Shah	(Appointed 13 November 2019)
Alastair J P Swift	
Claire E Turner	(Appointed 26 September 2019)
Richard J Vanner	(Appointed 16 April 2019)

Non-executive Directors

Rodney P Baker-Bates (Chairman)	
Rosemary Hilary	(independent)
Dr Brendan R O'Neill	
Peter A Shaw	(independent)
Sarah J Turvill	
Stuart W Sinclair	(Appointed 11 March 2020)

Company Secretary

Fahrin J Ribeiro

Registered Office

51 Lime Street
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London

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

WILLIS LIMITED

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Company activities and review of developments

The Company's business model

Willis 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 company that helps clients around the world turn risk into a path for growth.

As an insurance broker, we act as an intermediary between our clients and insurance carriers by advising our clients on their risk management requirements, helping them to determine the best means of managing risk and negotiating and placing insurance with insurance carriers through our global distribution network.

We offer our clients a broad range of services to help them to identify and control their risks, and to enhance business performance by improving their ability to attract, retain and engage a talented workforce. Our risk control services range from strategic risk consulting (including providing actuarial analysis), to a variety of due diligence services, to the provision of practical on-site risk control services (such as health and safety or property loss control consulting), as well as analytical and advisory services (such as hazard modelling and reinsurance optimization studies). We assist clients in planning how to manage incidents or crises when they occur. These services include contingency planning, security audits and product tampering plans. We help our clients enhance their business performance by delivering consulting services, technology and solutions that help them anticipate, identify and capitalise on emerging opportunities in human capital management, as well as offer investment advice to help them develop disciplined and efficient strategies to meet their investment goals.

We are not an insurance company and therefore we do not underwrite insurable risks for our own account.

Our colleagues serve a diverse base of clients ranging in size from large, major multinational corporations to middle-market companies in a variety of industries, public institutions and individual clients. Many of our client relationships span decades. We believe we are one of only a few global advisory, broking and solutions companies in the world possessing the global operating presence, broad product expertise and extensive distribution network necessary to effectively meet the global needs of many of our clients.

The Company is regulated by the Financial Conduct Authority ('FCA') and is domiciled and incorporated in the UK.

There have been no significant changes in the Company's principal activities in 2019. Depending on the nature and the timing of the establishment of future trading arrangements between the UK and the EU it may necessitate the Company transferring its EU Client portfolio and certain Reinsurance portfolios to a fellow group subsidiary operation domiciled in the EU, as discussed in 'Principal risks and uncertainties' below. The Directors are not aware, at the date of this report, of any other likely major changes in the Company's activities in the next year.

During 2019, the activities of the business segments for WTW and the Company were as follows:

<u>Corporate Risk and Broking</u>

The Willis Towers Watson Corporate Risk & Broking ('CRB') segment provides a broad range of risk advice, insurance brokerage and consulting services to clients worldwide ranging from small businesses to multinational corporations. The segment delivers integrated global solutions tailored to client needs and underpinned by data and analytics.

CRB operates with three global offerings which aim to leverage capabilities across geographies. In these operations, we have extensive specialised experience handling diverse lines of coverage, including complex insurance programs. A key objective is to assist clients in reducing their overall cost of risk.

Company activities and review of developments (continued)

The Company's business model (continued)

Corporate Risk and Broking (continued)

Property and Casualty - Property and Casualty provides property and liability insurance brokerage services across a wide range of industries including construction, real estate, healthcare and natural resources. Our construction practice provides risk management advice and brokerage services for a wide range of international construction activities. Clients of the construction practice include contractors, project owners, project managers, consultants and financiers. Our natural resources practice encompasses the oil and gas, mining, power and utilities sectors; and provides services including property damage and liability advisory and broking services for both the onshore and offshore assets of our global clients. In addition, we also arrange insurance products and services for our affinity client partners to offer to their customers, employees or members alongside, or in addition to, their principal business offerings.

Financial Lines - Financial Lines specialises in brokerage services for financial, political and credit risks. Our clients include financial institutions, professional services firms and affinity groups from around the globe that require coverage for areas ranging from business risks, such as trade credit, directors and officers and medical malpractice, to external threats, such as cyber attacks, terrorism and creditor payment protection.

Transport - Transport provides specialist expertise to the transportation, aerospace, marine and inspace industries. Our aerospace business provides insurance brokerage and risk management services to aerospace clients worldwide, including the world's leading airlines, aircraft manufacturers, air cargo handlers and other airport and general aviation companies. Our marine business provides insurance brokerage services related to hull and machinery, cargo, protection and indemnity and general marine liabilities. Our marine clients include ship owners, ship builders, logistics operations, port authorities, traders and shippers. The specialist inspace team is also prominent in providing insurance and risk management services to the space industry.

Facultative capabilities exist within each of the above offerings to serve as a broker or intermediary for insurance companies looking to arrange reinsurance solutions across various classes of risk. This allows our team of experts to deliver differentiated outcomes to their direct insureds, which in many situations are also clients of the wider WTW business. The facultative team also works closely with our treaty reinsurance business to structure reinsurance solutions that deliver capital and strategic benefits to insurance company clients.

Investment, Risk and Reinsurance

The Willis Towers Watson Investment, Risk and Reinsurance ('IRR') segment uses an analytical approach to risk which helps clients free up capital and manage investment complexity. The segment works closely with investors, reinsurers and insurers to manage the equation between risk and return. Blending advanced analytics with deep institutional knowledge, IRR identifies new opportunities to maximise performance. IRR provides investment consulting and discretionary management services and insurance specific services and solutions through reserves opinions, software, ratemaking, risk underwriting, and reinsurance broking. The Company's results include part of the reinsurance business within the IRR segment.

Human Capital and Benefits

The Willis Towers Watson Human Capital & Benefits ('HCB') segment provides an array of advice, broking, solutions and software for employee benefit plans, the human resources organisations and management teams of our clients. Within this segment, the Company provides insurance broking services. On 30 April 2019 the Company disposed of its HCB segment business to Towers Watson Limited and from that date is no longer represented by this segment.

Company activities and review of developments (continued)

Strategy

The Company's strategy is aligned to the WTW strategy, which is based on the belief that a unified approach to people, risk and capital can be a path growth for our clients. Our integrated teams bring together our understanding of risk strategies and market analytics. This helps clients around the world to achieve their objectives.

We operate in attractive markets - both growing and mature - with a diversified platform across geographies, industries, segments and lines of business. We aim to be the premier advisory, broking and solutions company creating a competitive advantage and delivering sustainable growth.

We believe we achieve this by:

- Driving profitable organic growth in our current core businesses and geographies - each has a role to play in Willis Towers Watson's success;
- Delivering a winning client experience - we are committed to always bringing the best of Willis Towers Watson to our clients - with a consistent standard across all of our businesses and geographies; and
- Investing both organically and inorganically - with a focus on the most attractive markets for growth or where we can achieve a sustainable competitive advantage, including adjacencies, innovation and inorganic opportunities.

We care as much about how we work as we do about the impact that we make. This means commitment to shared values, a framework that guides how we run our business and serve clients.

Through these strategies WTW aims to accelerate revenue, cash flow, earnings before interest, taxes, depreciation and amortisation ('EBITDA') and earnings growth and generate compelling returns for investors by delivering tangible growth in revenue.

Financial Results for the Year Ended 31 December 2019

The Company's key financial and other performance indicators during the year were as follows:

	2019	2018	Movement	% Change
	$m	$m	$m	
Turnover	974	954	20	2%
Operating expenses - excluding foreign exchange gain/(loss)	(717)	(753)	(36)	(5)%
Profit before taxation	309	161	148	92%
Shareholders' equity	1,372	1,256	116	9%
Current Assets as % of Current Liabilities	132%	136%		
Average number of employees	3,220	3,244		

WTW manages its operations on a business segment basis. For this reason, the Company's directors believe that key performance indicators specifically 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.

Company activities and review of developments (continued)

Financial Results for the Year Ended 31 December 2019 (continued)

In 2019, the Company's turnover was $974 million, a $20 million, or 2 percent increase, on 2018 turnover of $954 million. This increase was driven by:

- $18 million underlying growth from net new business in the Reinsurance business within the IRR segment;
- $17 million underlying growth in the Corporate Risk and Broking segment, primarily due to single digit growth in our Financial Lines, Transport and Facultative businesses;
- $4 million underlying growth from other segments including our Corporate and International CRB businesses; and
- $5 million higher investment income earned on fiduciary cash balances held,

partially offset by:

- $22 million of adverse foreign exchange movements; and
- $2 million underlying turnover reduction in our HCB business as a consequence of the disposal of this business to Willis Towers Watson Limited on 30 April 2019.

Operating expenses were $717 million in 2019, a $36 million, or 5 percent, reduction on 2018 operating expenses of $753 million. This decrease was driven by:

- $26 million Salary and benefits costs decrease, benefiting from the non-recurrence of defined benefit pension scheme service costs recognised in 2018 relating to gender benefit harmonization. This is partly offset by modest increases in underlying salary and incentive charges in our primary segments of CRB and Reinsurance. Salary costs are predominantly incurred in pounds sterling, and salary and benefits expenses were adversely affected by the impact of foreign exchange.
- $10 million other operating expense decreases were attributable to reduced cost recharges from other WTW group entities, lower amortisation and prior year one of charges, partly offset by an increase in Reinsurance and CRB businesses expenses, higher depreciation and an adverse impact from transactional foreign exchange.

Operating profit was impacted by foreign exchange with a $23 million gain in 2019 versus a $65 million loss in 2018, a $88 million favourable variance year over year. This arose following movements in foreign exchange rates, primarily the impact of the strengthening Pounds Sterling versus U.S Dollars on certain balance sheet positions versus the prior year.

Total operating profit of $280 million in 2019 was $144 million, or 106 percent, higher than 2018 operating profit of $136 million.

Profit before taxation of $309 million in 2019 was $148 million, or 92 percent, higher than 2018 profit before tax of $161 million. The increase was driven by:

- $20 million increase in turnover, $36 million reduction in operating expenses and $88 million foreign exchange gain discussed above; and
- $4 million increase on the net of interest receivable and interest payable.

Profit for the year of $251 million in 2019 was $113 million, or 82 percent, higher than 2018 profit for the year of $138 million. This was a result of the $148 million increase in profit before tax, discussed above, being partially offset by a $35 million increase in the tax charge on profit.

Company activities and review of developments (continued)

Shareholder's Equity and Other Resources

Shareholder's equity of $1,372 million in 2019 rose by $116 million from $1,256 million in 2018, reflecting increases from:

- $251 million profit for the year as described above;
- $55 million actuarial gain related to the defined benefit pension scheme net asset, consisting of a $394 million increase in scheme assets following higher asset returns partly offset by actuarial experience losses of $4 million arising on scheme liabilities and a $335 million increase in scheme liabilities primarily attributable to a change in actuarial financial and demographic assumptions in the year; and
- $18 million unrealised gain and reclassification of prior period gains and losses, attributed to the fair value of derivative instruments (forward currency sales) following movements in the value of the pound sterling, Euro and Japanese Yen to the US dollar during the year;

partly offset by:

- $195 million dividend payment on 14 October 2019; and
- $13 million deferred tax increase to equity attributed primarily to other comprehensive income movements on the pension scheme net asset.

The Directors review the adequacy of the Company's capital relative to the risks it faces on a regular basis.

The Company maintains a $20 million revolving credit facility which is renewed annually and is secured against the Company's real estate assets. It was not drawn upon during 2019 or 2018.

Balance Sheet

The balance sheet on page 35 of the financial statements shows the Company's financial position at the year end. Net assets of $1,372 million in 2019 have increased by $116 million on 2018 net assets of $1,256 million. The increase was driven by:

- $166 million increase in deposits and cash held in bank, comprising $196 million increase in cash held in a fiduciary capacity offset by a $30 million decrease in own cash held;
- $141 million increase in trade debtors, of which $131 million of the increase is on amounts falling due within one year and $10 million is an increase on amounts falling due after more than one year;
- $115 million increase in the net defined benefit pension asset;
- $17 million increase in the net liability of the fair value of derivative instruments;
- $16 million increase in prepayments, accrued income and other debtors;
- $3 million increase in deferred contract costs;
- $3 million increase in tangible fixed assets;
- $2 million increase in retention awards which amortise over the period of retention; and
- $1 million decrease in accrued expenses, deferred income and other creditors.

partly offset by:

- $196 million increase in fiduciary creditors;
- $90 million reduction in the remaining net intercompany debtor balance;
- $36 million increase in trade creditors;
- $11 million reduction in goodwill and other intangibles primarily attributed to the disposal of the employee benefits book during the year and amortisation;
- $5 million increase on income tax and social security payable;
- $4 million increase in net VAT payable;
- $4 million reduction in deferred tax asset; and
- $2 million increase in provisions.

Company activities and review of developments (continued)

Developments During the Year

On 30 April 2019, the Company transferred the employee benefits broking and consulting business within its HCB segment to Towers Watson Limited, a fellow group subsidiary undertaking for £3.5 million ($3.9 million) and incurred costs of disposal of $3.9 million primarily in relation to the write down of the net book value of an associated intangible asset and the transfer of trade receivable balances resulting in a nil gain or loss on disposal.

In anticipation of a change to the UK's trading relationship with the EU, on 1 July 2019 the Company disposed of a Reinsurance book of business to Willis BV (Netherlands), a fellow group undertaking. Consideration paid to the Company was €1.8million ($2.0 million) with no corresponding costs, resulting in a $2 million profit on disposal.

Defined Benefit Pension Scheme

Schedule of contributions

During 2019 contributions of $50 million were made to the UK defined benefit pension scheme of which approximately $32 million were in respect of deficit funding and approximately $18 million were in respect of on-going contributions. We anticipate continuing this level of contributions to the end of 2024 in line with the existing agreement and schedule of contributions.

Future Developments

On 9 March 2020, Willis Towers Watson plc "WTW" and AON plc "Aon" issued an announcement disclosing that the board of directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. The terms of this agreement are detailed in note 26 of these accounts.

The transaction is subject to the approval of the shareholders of both WTW and Aon, as well as other customary closing conditions, including required regulatory approvals. The parties expect the transaction to close in the first half of 2021, subject to satisfying these conditions.

There are no other significant future developments as at the date of these financial statements, other than the uncertainty surrounding the nature of the future trading arrangements between the UK and the EU, as referred to in 'Principal risks and uncertainties'.

Capital policy

As an insurance intermediary regulated by the Financial Conduct Authority ('FCA'), the Company's capital requirements are set out in both the Threshold Conditions and MIPRU requirements within the FCA Handbook. The Company's policy is to review its capital requirements on a regular basis and to maintain capital resources of at least twice that requirement.

Principal risks and uncertainties

The Company has an Enterprise Risk Management Committee that meets at least quarterly. This Committee is a Committee of the Board and advises the Board on risk matters including the assessment of risk appetite and monitoring of risk against that appetite.

The principal risks and uncertainties facing the Company are:

We have been impacted by the COVID-19 pandemic, and may be materially and adversely impacted by it in the future.

Recently, the COVID-19 pandemic ('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. 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.

COVID-19 risks could magnify other risks discussed in this report. 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 our business. In addition, steps taken by market counterparties such as (re)insurance carriers to limit their exposures to COVID-19 and related risks could have an impact on their willingness to provide or renew coverage for our clients on historical terms and pricing, which could again impact demand for our business. Coverage disputes arising out of the pandemic could also increase our professional liability risk by increasing the frequency and severity of allegations by others that, in the course of providing services, we have committed errors or omissions for which we should have liability. Also, travel restrictions have caused the postponement or cancellation of various conferences and meetings around the world and adversely impacted sales activity. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19 on our business. Nevertheless, COVID-19 presents material uncertainty and risk with respect to demand for our products and services.

In addition, COVID-19 could materially disrupt our own business operations and the services we provide, as well as the business operations of our clients, suppliers and other third parties with whom we interact. As an increasing percentage of our colleagues work remotely, we face resiliency risks, such as the risk that our 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 our operations or controls. In addition, we depend on third-party platforms and other infrastructure to provide certain of our products and services, and such third-party infrastructures face similar resiliency risks. Also, a potential COVID-19 infection of any of our key colleagues could materially and adversely impact our operations. Further, it is possible that COVID-19 causes us to close down call centers and other processes on which we rely, or impacts processes of third-party vendors on whom we rely, which could also materially impact our operations. The rapidly evolving changes in financial markets could also have a material impact on WTW's hedging and other financial transactions, which could impact WTW's liquidity. In addition, it is possible that COVID-19 restrictions create difficulty in us meeting our filing or other obligations with our regulators.

All of the foregoing events or potential outcomes could cause a material adverse effect on our results of operations in any period and, depending on their severity, could also materially and adversely affect our financial condition. In addition, such events and outcomes could potentially impact our reputation with clients and regulators, among others.

The Company has well established and tested business continuity plans in place both in the UK and in our overseas supporting operations which have enabled the vast majority of colleagues to work remotely and continue to service and support clients, thus mitigating the risks to business interruption. We continue to engage with clients, carriers and the wider market as well as the regulator during this period of disruption.

The board of directors currently does not consider that these uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Principal risks and uncertainties (continued)

Change Risk

WTW and the Company are typically subject to on-going business and organisational changes as well as multi-year operational improvement programmes.As noted within the events after the balance sheet section of the Directors' Report, there is the potential for significant change arising from any possible business combination with AON plc. There are also a number of other initiatives planned or ongoing to transform our systems and processes and gain efficiencies. Effectively managing these organisational changes is critical to retaining talent, servicing clients and our business success overall. The failure to effectively manage such risks could adversely impact our resources or business or financial results. The Company manages this risk through robust change governance processes, mechanisms to retain key colleagues, delivery of the planned operational improvement programme benefits and through ongoing monitoring of key performance indicators designed to provide early notice of declining performance. The Company has a robust approach to change management and the relevant governance forums are utilised to consolidate activity and monitor and adjust that activity to reflect the resource and change capability available from time to time.

Exposure to WTW

The Company is a wholly-owned subsidiary of WTW. WTW is a leading global advisory, broking and solutions company, is listed on the NASDAQ and has total assets at 31 December 2019 of $35.4 billion.

The Company is dependent upon its ultimate parent company 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.

WTW is dependent upon the Company for its access to the London Insurance Market and related expertise. The Directors expect the support from WTW to continue for the foreseeable future.

The Company is exposed to additional risks by virtue of being part of the wider group. These risks have been discussed in WTW's financial statements which do not form part of this report.

The Board considers the Company's exposure to WTW when setting the Company's capital requirement and risk appetite. The Company maintains and regularly refreshes a detailed response plan to provide a framework to enable the timely notification, invocation and management of the initial response to a Parental Failure scenario through documented processes.

Economic Environment and Competition

The markets for our principal services are highly competitive. Competition for business is intense in all of our business lines and in every insurance market, and some competitors have greater market share in certain lines of business than we do. Some of our competitors have greater financial, technical and marketing resources than us, which could enhance their ability to finance acquisitions, fund internal growth and respond more quickly to market and technological changes. New competitors, as well as increasing and evolving consolidation or alliances among existing competitors, have created and could create additional competition and could significantly reduce our market share, resulting in a loss of business for us and a corresponding decline in revenue and profit margin. In order to respond to increased competition and pricing pressure, we may have to lower our prices, which would also have an adverse effect on our revenue and profit margin.

In addition, existing and new competitors could develop competing technologies or product or service offerings that disrupt our industries. Any new technology or product or service offering (including insurance companies selling their products directly to consumers or other insureds) that reduces or eliminates the need for intermediaries in insurance or reinsurance sales transactions could have a material adverse effect on our business and results of operations. Further, the increasing willingness of clients to either self-insure or maintain a captive insurance company, and the development of capital markets-based solutions and other alternative capital sources for traditional insurance and reinsurance needs, could also materially adversely affect us and our results of operations.

We expect that the challenging economic circumstances and resulting competition will remain for the foreseeable future, with additional disruption expected as a result of the COVID-19 pandemic market impact. Whilst overall we are currently seeing a modest but definite improvement with pricing in the market, fluctuations are expected resulting from COVID-19 and additionally a weaker worldwide economy will lead to a reduction in overall premiums placed and a consequent challenge to our revenues . We mitigate the risk through our focus on service, product quality and pricing. The Company continues to monitor both regulatory and market developments, and adapt its model to both threats and new opportunities accordingly. Economic conditions also continue to provide challenges relating to the security of carriers; the Company mitigates the risk of the failure of a major (re)insurer through its Market Security monitoring, policies and procedures, and through using a large number of carriers.

Principal risks and uncertainties (continued)

Acceptance of Market derived income

Willis Limited, in common with the wider insurance intermediary market, has traditionally been remunerated by base commissions paid by insurance carriers in respect of placements we make for clients, or by fees paid by clients. We also obtain other revenue from insurance carriers. This revenue, when derived from carriers in their capacity as insurance markets (as opposed to as corporate clients of the intermediaries where they may be purchasing insurance or reinsurance or other non-market related services), is commonly known as market derived income or 'MDI'. MDI is an area in which allegations of conflicts of interest may arise, where the Company or any of its employees has or may have an interest in a transaction or engagement that is inconsistent with our clients' interests. MDI takes a variety of forms, including volume- or profit-based contingent commissions, facilities administration charges, business development agreements, and fees for providing certain data to carriers.

Willis Limited has a duty to act in the best interests of their clients and the Company has processes, procedures and controls in place intended to mitigate potential conflicts overseen by the Market Derived Income Committee.

Pension Risks

The Company's defined benefit pension scheme was closed to new members in January 2006 but continues to accrue future benefits for existing members. Under Financial Report Standard 101, Reduced Disclosure Framework ('FRS 101'), the net asset recorded within the financial statements in respect of the pension scheme fund is $604 million (net of tax) (2018: $489 million). The liabilities of the pension scheme, and a large proportion of the assets of the scheme, are denominated in pounds sterling, which gives exposure to currency risks. The scheme valuation is subject to assumptions and other factors, including equity and bond market returns, inflation rates, mortality assumptions, potential regulatory and legal changes and counterparty exposure in investments.

The last actuarial funding valuation of the scheme performed as at 31 December 2016, showed a deficit of £207 million ($280 million). The next triennial funding valuation is underway based on the position as at 31 December 2019. Pension risks are mitigated through a balanced approach to investments held and a proactive relationship with the Scheme Trustee, including an agreed funding strategy.

Regulatory, Legal and Conduct Risk

The Company is subject to regulation from the FCA in relation to its insurance mediation activities. The FCA has prescribed principles for business and rules by which the Company's insurance and reinsurance operations are to conduct business, including the rules governing how the Company holds client assets.

The FCA has three operational objectives:

- Promoting effective competition in the interests of consumers;
- Securing an appropriate degree of protection for consumers; and
- Protecting and enhancing the integrity of the UK financial system.

Central to the regulator's agenda is 'Conduct Risk', which is the risk that a firm's behaviour will result in poor outcomes for customers and adversely impact on the integrity of the market. Any failure by the Company, or its employees, to satisfy the FCA that it is in compliance with their requirements or the legal requirements governing its activities, could result in disciplinary actions, fines, reputational damage and financial harm. In addition, the Senior Managers and Certification Regime ('SMCR') became effective in December 2019. The SMCR is designed to drive improvements in culture and governance within financial services firms and to deter misconduct by increasing individuals' accountability. We continue to focus on Conduct Risk through the review of appropriate metrics and taking appropriate action as necessary.

The Company is also subject to rules and legislation governing money laundering, bribery and corruption, sanctions and competition. The Company has established procedures to ensure that it is in compliance with these rules. However, should the Company fail to comply with the requirements, this failure may result in disciplinary actions, fines, reputational damage and financial harm. These rules and legislation impact the Company's global operations. From time to time the rules and legislation are subject to change which may impact the Company's operations.

To mitigate these risks the Company's Legal, Risk and Compliance departments have established a framework to ensure compliance with all applicable regulatory requirements, which include detailed guidance on the standards to which colleagues must adhere. Reviews and audits of compliance with this guidance are carried out on a regular basis by both the Compliance and Internal Audit departments.

Principal risks and uncertainties (continued)

Errors and Omissions Exposures

As a consequence of the business sector the Company operates in, claims alleging professional negligence may be made against the Company. Some of these claims may have a material adverse impact on the Company's profitability, cash and capital position. The Company mitigates this risk through the use of the Client Excellence Model, which is designed to provide a consistent high level of service and quality to the Company's clients. In addition, the Company has taken out its own programme of insurance cover in respect of these risks.

Liquidity Risk

Liquidity risk is the risk that the Company may not have sufficient cash available to meet its obligations as they fall due. The Company assesses the potential scenarios in which this might take place and maintains significant cash and liquid funds to mitigate the risk, and these assessments have been updated to reflect stress testing performed based on estimated impacts of COVID-19 on the Company. In the ordinary course of business, the Company can also rely on WTW's liquidity. In addition, the Company has access to a $20 million credit facility.

Currency Risk (Fx)

The Company conducts its business in multiple currencies, primarily US dollars, pounds sterling, Euro and Japanese Yen, and is therefore exposed to currency risk in relation to revenue and the value of its assets and liabilities. The Company has intercompany balances with fellow group undertakings in currencies other than US dollars, the primary functional currency of the Company, and is therefore exposed to movements in exchange rates. The Board has established and monitors a policy with clear limits and processes to be followed to manage this risk. In addition, 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. The Company is also potentially exposed to credit risk from its investments in its subsidiary undertakings. An impairment allowance would be made if there were to be an identified loss event which would evidence a potential reduction in the recoverability of the cash flows. No such event has been identified.

Brokerage not yet received is monitored closely to minimise the time taken to collect. The risk of funded claims and premiums is mitigated by the Company's policy of only funding claims and premiums in exceptional circumstances and then through active collection of the debts created.

The failure of one or more banks may have an adverse impact on the Company. The Company holds its own and fiduciary cash in bank accounts and deposits and money-market funds. These accounts and deposits are spread across a number of banks. The Company does not place any funds in banks with a credit rating below Fitch Short Term F1. Banks with which the Company has a credit exposure are monitored monthly. In the event of a bank failure, the FCA's Client Asset Sourcebook ('CASS') rules set out the mechanism by which any loss of client money should be administered. The Company has reviewed its processes for complying with these rules and continues to implement changes to further strengthen them. The Company mitigates its exposure to credit risk through the diversification of funds between approved banks and through a programme of reduction of fiduciary balances where possible.

The Board has established and monitors a policy with clear limits and processes to be followed to manage these risks.

Interest Rate Risk

The Company's investment portfolio is held over a variable maturity profile and therefore exposes the Company to interest rate risk. The Company mitigates this risk through active investment portfolio management.

Principal risks and uncertainties (continued)

Business & Technology Interruption Risk

The Company conducts its business in multiple locations across the world. The most significant of these are in London and Ipswich (United Kingdom), and Delhi and Mumbai (India) and in addition the Company relies on significant Group operations in Manilla (Philippines). These locations may be subject to natural and man-made catastrophes which may disrupt the Company's operations. The Company 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. The Company maintains appropriate insurance cover for business interruption events.

The Company 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

We depend on information technology networks and systems to process, transmit and store electronic information and to communicate among our locations around the world and with our alliance partners, insurance carriers, insurance markets and clients. One of our significant responsibilities is to maintain the security and privacy of our clients' confidential and proprietary information and the personal data of their customers and/or employees. Our information systems, and those of our third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. We are the target of 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 behavior which, could expose confidential company and personal data systems and information to security breaches.

Many of the software applications that we use in our business are licensed from, and supported, upgraded and maintained by, third-party vendors. Our 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 the Company, our employees and our clients. We have 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, we remain at risk of compromising this data, including as a result 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 our third-party vendors' systems increases as we move more of our data and our clients' data into our vendors' cloud storage, we engage in IT outsourcing or we consolidate the group of third-party vendors that provide cloud storage or other IT services for the Company.

We maintain policies, procedures and technological safeguards (such as, where in place, multifactor authentication and encryption of data in transit and at rest) designed to protect the security and privacy of this information. However, we cannot entirely eliminate the risk of data security breaches, improper access to, takeover of or disclosure of confidential company or personally identifiable information. Our technology may fail to adequately secure the private information we hold and protect it from theft, computer viruses, hackers or inadvertent loss. In such circumstances, we could be held liable to our clients, which could result in legal liability or impairment to our reputation, resulting in increased costs and/or loss of revenue.

We have implemented and regularly review and update processes and procedures to protect against fraud or unauthorised access to or use of secured data and to prevent data loss. The ever-evolving threats mean that we and our third-party service providers and vendors must continually evaluate, adapt, enhance and otherwise improve our respective systems and processes, especially as we grow our mobile, cloud and other internet-based services. There is no guarantee that such efforts will be adequate to safeguard against all fraud, data security breaches, operational impacts or misuses of data. For example, our policies, employee training (including phishing prevention training), procedures and technical safeguards may be insufficient to prevent or detect improper access to confidential, personal or proprietary information by employees, vendors or other third parties with otherwise legitimate access to our systems. Any future significant compromise or breach of our data security or fraud, whether external or internal, or misuse of client, colleague, supplier or company data, could result in additional significant costs, lost revenue opportunities, fines, lawsuits, and damage to our reputation with our clients and in the broader market.

Principal risks and uncertainties (continued)

Political Risk

The Company has operations and generates income across a large number of countries which may be or become subject to economic or political instability. The Company manages this risk through ongoing monitoring of the economic and political situation in these geographies and benefits from its geographic diversification in mitigating the risk.

Management has considered the UK departure from the European Union (the 'EU') on 31 January 2020 and the uncertainties about the near-term and longer-term effects of Brexit on the Company.

At this time, we are not able to predict the impact that the UK's departure from the EU will have on the economy; economic, regulatory and political stability; or on market conditions in Europe, including in the UK, or on pounds sterling, Euro or other European currencies. However, any such impacts and others we cannot currently anticipate could materially adversely affect us and our operations. Among other things, we could experience lower growth due to indecision as businesses delay investment or purchasing decisions.

The British government and the EU continue to negotiate the terms of the UK's future relationship with the EU. While many separation issues have been resolved, significant uncertainty remains. It is also possible that the UK exits the EU in a potentially disruptive manner, with no agreed future relationship. Although we cannot anticipate what those terms will be, Brexit may result in greater restrictions on business conducted between the UK and EU countries and increased regulatory complexities. There is also uncertainty as to how the UK's access to the EU Single Market and the wider trading, legal, regulatory, tax, social and labour environments, especially in the UK and EU, will be impacted, including the resulting impacts on our business and that of our clients. Any such changes may adversely affect our operations and financial results. For example, any changes to the passporting or other regulations relating to doing business in various EU countries by relying on a regulatory permission in the UK (or doing business in the UK by relying on a regulatory permission in an EU country) could increase our costs of doing business, or our ability to do so. At this point, we do not expect the current passporting regime to continue beyond the current transition period or any extension to its current expiration on December 31, 2020. In addition, the timing of any resolution may be further extended due to the global political focus on managing the COVID-19 pandemic.

The risk remains that the UK will not have agreed to a comprehensive trade agreement with the EU or other countries by the time the transition period expires or that any such trade agreement makes no, or inadequate, provision for passporting or other matters relevant to our business operations. Any such change, or other change in regulations could increase our costs of doing business, or in some cases, affect our ability to do business, and adversely impact our operations and financial results.

We are establishing appropriate arrangements for the continued servicing of European client business currently being serviced within the UK. These arrangements include the transference of the Company's EU Client portfolio and certain Reinsurance portfolios to a fellow group subsidiary operation domiciled in the EU.

Outsourcing Risk

As part of providing services to clients and managing our business, we rely on a number of third-party service providers. Our ability to perform effectively depends in part on the ability of these service providers to meet their obligations, as well as on our effective oversight of their performance. The quality of our services could suffer or we could be required to incur unanticipated costs if our third-party service providers do not perform as expected or their services are disrupted. This could have a material adverse effect on our business operations. The Company manages this risk through processes of supplier and partner selection, onboarding and an ongoing programme of monitoring and review to ensure that our outsource partners remain appropriate.

Environment

The Company recognises the importance of its environmental responsibilities and through WTW 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. We participate 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. Our registered office in Lime Street has been awarded Platinum status since 2012.

The below illustrates some notable activities that are further helping reduce our environmental impact across WTW:

- Reduced paper use and increased recycling have been a focus for several years throughout the Group. This has included a focus on reducing print volumes, and therefore paper and equipment usage, by implementing print on demand technology and scanning capabilities and by offering fewer printers in office space. We have also increased the availability (and use) of online meeting and records management tools that reduce their overall reliance on paper-based materials. This has resulted in our ability to reduce paper consumption while also recycling several million pounds of paper each year;
- We encourage our colleagues to participate in office-based recycling programmes and paperless recordkeeping, our offices to replace personal printers with networked multi-function devices and procure recycled supplies, and our IT programmes to ensure proper disposal and recycling of obsolete computer equipment;
- We raise awareness for and provide information about environmental sustainability and corporate social responsibility to our colleagues through internal news stories, communications and a forum; and
- We support our suppliers', subcontractors' and service providers' commitment to environmental sustainability. We encourage this commitment through increasing our demand for and use of goods that are developed in a sustainable way and contribute to a reduced carbon footprint. Since our direct impact on the environment largely comes from office-based operations, our priority is procuring sustainable choices by negotiating a wide variety of office product options that focus on reducing our carbon footprint. Recycled office supplies, paper, toner, kitchen and pantry products, and cleaning products are available as part of our main corporate agreements with our suppliers.

The Company does not measure performance against specific environmental key performance indicators at this time, but will align with Group measures as they develop. Work is in progress to baseline our environmental data and develop a new carbon reduction reporting system. This will allow us to track our emissions and carbon footprint across our global operations as these develop.

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements on page 51.

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.

During 2019 WTW commissioned its second all-colleague engagement survey to gauge colleague satisfaction and feedback across a range of topics ranging from business focus through to colleague wellbeing and inclusion. The results of the survey allowed the executive leadership to identify key themes with priorities for action, and specific outcomes were communicated to colleagues.

We are committed to demonstrating to our stakeholders and communities that we are a responsible and ethical business partner and good corporate citizen by conducting our business based on our global Code of Conduct, Respect at Work and Anti-Harassment Policy, and our Company values, which emphasize managing our relationships, inside the Company and out, with fairness, decency and good citizenship. Our policy is that adherence is compulsory and enforced, with reported violations investigated promptly, and demonstration of values formally assessed during annual performance reviews and incorporated into a colleague's overall performance rating. Colleagues may raise concerns anonymously or confidentially through our Code of Conduct Hotline, online or by phone. Mandatory training on our Code of Conduct is delivered to all colleagues annually and completion rates are monitored.

Inclusion and Diversity

Inclusion and diversity (I&D) have a direct impact on WTW's ability to grow and succeed. This is why we are committed to creating an inclusive work environment where everyone is heard and respected. We believe that building a diverse workforce which leverages all of our best thinking and efforts will be the key to sustaining our competitive advantage, today and in the future.

WTW has three company-wide I&D priorities, agreed by our Operating Committee, that support the success of Willis Towers Watson. A key underlying theme of these priorities is a sharpened focus on our female talent and a commitment to increase gender balance in leadership levels across the company. This focus directly supports the commitment Willis Towers Watson made when they joined the Paradigm for Parity® (P4P) coalition in 2016. Comprising business leaders, board members and academics, P4P is committed to reaching gender parity in leadership by 2030.

This heightened focus on our female talent does not diminish, in any way, our broader I&D efforts. Our commitment to all aspects of diversity is resolute and unwavering. Our three enterprise I&D priorities are:

- Build a robust pipeline of under-represented talent;
- Meaningfully increase the level of overall diversity - including the number of women - in leadership; and
- Promote an inclusive culture that respects each other's differences and celebrates what's unique about each of us.

WTW's global I&D council, sponsored by CEO John Haley, and Anne Bodnar, Chief Administrative Officer and Head of Human Resources, sets the standard for our I&D initiatives globally. It is driven by geography-led I&D councils that provide local perspectives and help translate our global priorities into actions that will deliver the greatest impact within each region. These councils - with members from our various businesses and corporate functions - drive our I&D activities around the world, ensuring that initiatives are directly embedded within our ongoing performance and aligned with our priorities. The Company is represented by the UK council.

Employees (continued)

Inclusion and Diversity (continued)

Inclusion Networks

Our colleague Inclusion Networks are at the heart of how we engage and inspire colleagues in our offices. We have five inclusion networks established across the globe, each of which is sponsored by a member of our operating committee or senior leader. The Company is represented by the following UK branches of these global inclusion networks:

Gender Equity Network - is a community of colleagues who are committed to promoting the company's gender balance goals in the UK, including our Paradigm for Parity commitment. They engage with colleagues regardless of gender to support the career development and advancement of women across the company. Their goal is to provide opportunities for colleagues to engage around issues affecting women including work-life balance for all.

LGBT+ - the UK network supports and celebrates all colleagues from a diverse spectrum of sexual orientations and gender identities. They aim to foster an inclusive and supportive environment for all our colleagues, clients, friends and families by providing the necessary resources, information and community support.

Multicultural - is a community of colleagues focusing on celebrating cultural diversity within Willis Towers Watson. Following the motto 'Unity in Diversity', they want to uncover the true value of multiculturalism - adaptability, cooperation and innovation. Their aim is to create a sense of cultural awareness and sensitivity among colleagues, so that everyone can feel comfortable in bringing their culture to work. They want to help our colleagues of different cultures to not only coexist, but to thrive. This will support efficient collaboration, improve colleague satisfaction and deliver more innovative business solutions.

Workability - The Workability Inclusion Network welcomes all colleagues with an interest in disability, well-being and health-related matters at work. They are committed to challenging attitudes and increasing understanding related to disability, removing employment barriers for disabled people and those with long-term health conditions and ensuring that disabled people have the opportunities to fulfil their potential.

Young Professionals - The Network aims to create a community of connected, engaged, well informed and career confident young professionals who can help drive the future success of Willis Towers Watson. The group provides meaningful training, networking and development opportunities and also a platform for young professionals to share their ideas and have their voices heard.

Segment, Function and Geography leadership teams set I&D objectives annually so that we continue to strive for better gender balance (and overall diversity) on our leadership teams, a more diverse talent pipeline coming into our organisation and promoting inclusive leadership and culture.

WTW works with a number of organisations to help us promote and support our inclusion and diversity priorities through access to events and activities, talent recruitment, thought leadership and research, and best practices. A number of partnerships relevant to the Company are as follows:

Business Disability Forum

WTW is a member of the Business Disability Forum (BDF) that helps member organisations become 'disability smart', making it easier and more rewarding to do business with and employ disabled people. BDF members employ almost 20% of the UK workforce and, together, they seek to remove the barriers between public and private organisations and disabled people and have contributed to the establishment and development of meaningful disability discrimination legislation in the UK. BDF provides pragmatic support to members by sharing expertise, giving advice, providing training and facilitating networking opportunities.

Employees (continued)

Inclusion and Diversity (continued)

Inclusion Networks (continued)

Catalyst

Catalyst is a global nonprofit organization with a mission to accelerate progress for women through workplace inclusion. It helps raise awareness of how inclusion benefits today's global businesses and provides guidance and solutions on how to enact real change. The member-only content available to WTW colleagues includes career guidance and toolkits, as well as access to whitepapers and special events.

Stonewall

WTW is a member of Stonewall's Diversity Champions programme, Britain's leading best-practice employers' forum for sexual orientation and gender identity equality. As a member, we benefit from expertise and guidance from their diversity advisors, as well as access to best practices, seminars and networking opportunities. Additionally, our company is featured in their Starting Out Careers Guide and can post job listings on Proud Employers, a UK professional LGBT job site. In 2019, Willis Towers Watson completed the Stonewall Equality Index climbing to 220 out of over 444 companies. Whilst we are delighted with this result, we are aware there is still lots more to do, and committee members continue to work closely with Stonewall to identify ways that we can be a more inclusive and representative organisation.

Dive In Festival 2019

For the sixth year running, Willis Towers Watson is proud to be a gold sponsor of the Dive In Festival for Diversity and Inclusion in Insurance. Although originally an insurance industry event, the reach of Dive In attracts participants from across the financial services industry. In this way, Dive In is helping business from across the spectrum get fit for the future, highlighting the business case for diverse and inclusive workplaces and providing practical ideas and inspiration for how to bring about positive change.

Awards and recognition

During 2018 and 2019, WTW has been recognised for our commitment to inclusion by the following organisations:

Best Places to Work for LGBTQ Equality, 2019 and 2018

WTW was again named in 2019 among the Best Places to Work for LGBTQ Equality, receiving a perfect score of 100% on the Human Rights Campaign's (HRC) Corporate Equality Index in the category for Consulting and Business Services. The index is a national US benchmarking survey and reports on corporate policies and practices related to lesbian, gay, bisexual and transgender colleagues and their workplaces.

Member of the Bloomberg Gender-Equality Index 2019

The Bloomberg Gender-Equality Index (GEI) is the world's only comprehensive investment-quality data source on gender equality. The 2019 Gender-Equality Index includes 230 companies from ten sectors headquartered in 36 countries and regions. Member companies are not ranked and there is no cost associated.

Dive In Impact Awards 2019

Willis Towers Watson won two awards and were short-listed in every category at the Dive In Impact Awards in November 2019. The first award went to our Workability Inclusion Network for the employee network making an impact. The second award went to Suzi Morgan, Head of North American Property in our CRB segment, who was recognised as the 'Manager making an impact' in leading one of the most gender diverse teams in the London market.

Employees (continued)

Inclusion and Diversity (continued)

Gender Pay Gap Reporting

WTW is committed to giving everyone - people of all genders and backgrounds - equal opportunity to participate, unlock their full potential and succeed. This inclusion and diversity strengthens our business and benefits both our clients and our colleagues. To encourage companies across all industries to do more to progress women in the workplace, the UK Government requires employers with 250 or more employees to report their gender pay gap annually. Willis Limited has provided this disclosure based on April 2019 data which can be obtained from https://www.willistowerswatson.com/en-gb/notices/gender-pay-gap-report.

The report is required to show specific metrics, namely: the mean hourly rate, which is the average hourly wage across the entire organisation so the mean gender pay gap is a measure of the difference between women's mean hourly wage and men's mean hourly wage; and the median hourly rate, which is calculated by ranking all colleagues from the highest paid to the lowest paid, and taking the hourly wage of the person in the middle; so the median gender pay gap is the difference between women's median hourly wage (the middle paid woman) and men's median hourly wage (the middle paid man).

An additional disclosure has been made to highlight the bonus pay gap measure (both mean and median) which is calculated on the same basis as above, but considers bonus remuneration rather than wage. Bonus pay includes all forms - annual bonus, commission and long-term incentive awards, and includes anyone who received a bonus between April 2018 and April 2019.

The gender pay gap for the Company as at April 2019 based on an hourly pay gap measure is a mean average of 40.8% and median average of 34.2%. In other words when comparing mean hourly rates, women earn 59p for every £1 that men earn and when comparing median hourly rates, women earn 66p for every £1 that men earn.

The bonus pay gap measure is a mean average of 78.1% and median average of 58.7%. 92% of male colleagues received a bonus between April 2018 and April 2019, compared to 91% of female colleagues.

There has been a modest improvement on the mean gender pay gap of 0.2% from the 2018 position of 41.0% but we recognise the gap remains unacceptably high. Consistent with many of our competitors and our sector, WTW and the Company continue to record a gender pay gap that is higher than we would like and not reflective of the company that we aspire to be. Reasons for this and, more importantly, what we are doing about it are detailed below.

The biggest driver of the gap remains the size and shape of our workforce. We have a much higher number of men in highly paid senior roles and a much higher proportion of women in lower paid roles. This distribution has a disproportionally large impact on our gender pay gap. We find our 2019 gender pay gap to be very disappointing and not where we should be. However, we also know that closing the gap will require time. In addition, several factors can adversely impact the numbers between two review periods, including more men leaving and more women joining at more junior levels and a greater proportion of senior women leaving. That doesn't mean though that we are any less resolute in our determination and commitment to close the gap as quickly as we possibly can.

One step towards positive change that was introduced at the start of 2020 is a new enhanced maternity and adoption pay offering across WTW. This includes increases to certain maternity and adoption pay amounts, flexible working arrangements, and flexible work scheduling for a period of time upon returning to work.

While the focus of the gender pay gap reporting is on pay differences between males and females, we would like to restate our commitment to supporting all aspects of inclusion and diversity. We aspire to develop and foster an inclusive culture that recognises the unique talent of all colleagues, irrespective of their background, gender, race, religion, sexual orientation and/or disability. We remain fully committed to continuing to take actions that will reduce the gap and deliver a diverse, inclusive, thriving company.

Employees (continued)

Inclusion and Diversity (continued)

Gender Pay Gap Reporting (continued)

Narrowing our gap

Since our last report in 2018, we have made good progress in a number of areas. In late 2018, we ran a gender pulse survey in the UK segments targeting mid and senior level females. We then ran focus groups in several locations to probe the results and the issues. Some clear themes emerged from these sessions such as development and progression for women, workplace flexibility and ensuring men are fully engaged in the I&D agenda. These themes helped us sharpen our approach and led to us defining the following four areas of focus:

Attract & Hire

The introduction of inclusive recruitment principles across the UK business, which state that all senior open roles will be posted and all slates will include at least one qualified female / diverse candidate. In addition, all interviewer "panels" for senior hires will include at least one female/diverse colleague. These guidelines have been extended to mid-level roles in some segments where we face the greatest challenge. This commitment is continuing into 2020 and beyond.

Our Recruitment team continues to work on our sourcing strategy to address the fact that we currently hire more men than women into mid-career roles. Recent progress includes:

- Increased diversity in our interview panels and candidate slates;
- Through the efforts of a dedicated sourcer we have an increased focus on identifying female candidates in the industry and attracting women into leadership roles; and
- More rigour in reopening recruitment campaigns to introduce our new inclusive recruitment guidelines.

Identification of Talent

The design and implementation of a process to identify all senior female talent within the company and ensure they have the resources and opportunities to enable their readiness for promotion to senior roles.

- This was implemented in late 2018 and, as a result, some of these women will be promoted in the next promotion round. For others, we continue this work to identify further female talent to sponsor for promotion. This sharper lens on female talent is now very much a part of our ongoing promotion process, both in the UK and globally.

An approach to develop and support our talent throughout their careers, including creating meaningful, tailored, development plans for females identified as ready for promotion within the next two years. This work will extend to take a deeper look at talent at more junior levels in the company.

- As highlighted above this work has progressed well for those who have been identified as promotion ready in two years, with development plans that leverage diagnostic and Willis Towers Watson Confidential development tools. There is more to do to embed this further into the company and this will remain a priority for 2020.

Develop and Promote

The development of tools and programmes to enable female colleagues to accelerate their development and promotion and support mentoring and sponsorship activities.

- Across the company, senior leaders have been sponsoring women to support their development and progression to more senior roles. This is already starting to pay dividends with a number being put forward for promotion this year.

Strengthening our support for managers, particularly with career and development discussions. There will be more information to come on this later in 2020.

Employees (continued)

Inclusion and Diversity (continued)

Gender Pay Gap Reporting (continued)

Inclusive Leadership and Culture

Our continued focus is on building a truly inclusive and diverse work environment, which is led by our leaders and underpins our gender balance commitment. We believe that a culture in which everyone is heard, respected and valued for who they are is a critical enabler of future growth and success.

To further encourage this inclusive culture at WTW in the UK, we have recently launched several new activities under the Respect at Work umbrella that will help ensure individuals are heard, respected and valued:

- A conversation starter guide to facilitate constructive and informative discussions with colleagues about what a respectful culture looks like and how to feel confident in calling out any behaviour that is counter to our values.
- A network of specifically trained Respect at Work guardians who can offer informal support for colleagues who experience or witness any unlawful harassment, discrimination or inappropriate conduct.
- 'Let's Talk about Respect' workshops to bring to life the importance of behaving in a respectful and inclusive way and share support resources. Senior UK leaders have already completed their training and will help to run the workshops, in conjunction with our HR team and an external provider.

We will continue to roll out inclusive leadership materials and unconscious bias and inclusion workshops and in 2019 launched a new digital learning portal. We are also progressing the development of other resources that encourage broad colleague thinking and active engagement.

Anti-Bribery and Anti-Corruption

The Company is subject to global anti-bribery and anti-corruption policies and procedures which apply to all colleagues in entities owned and/or controlled by WTW, suppliers to WTW and third parties performing services on behalf of WTW (unless the suppliers or third parties have comparable anti-bribery and anti-corruption policies of their own).

The Anti-Bribery & Corruption Policy states that WTW is committed to conducting business with honesty, integrity and fairness and without the use of bribery and corrupt practices, and prohibits the offering, promising, giving, requesting, agreeing to receive or accepting of any bribe or other illegal or corrupt payment or inducement to or from any person at any time anywhere in the world.

Bribery and corruption risks include those through third parties and gifts, entertainment and hospitality. The Company mitigates these risks by global procedures which apply to all employees in entities owned and/or controlled by WTW. The Anti-Bribery & Corruption-Gifts, Entertainment & Hospitality Procedures require Compliance approval of gifts, entertainment and hospitality (whether given or received by WTW) that meet bribery risk criteria explained in the procedures, The Anti-Bribery & Corruption-Third Party Approval Procedures require due diligence be conducted on, and approval be obtained for, all third parties performing services on behalf of WTW. For all but the very lowest risk third parties, the approval procedures must be refreshed and repeated annually. Very low risk third parties require re-approval under the procedures every two years.

The policies, procedures and supporting forms and information are available to colleagues on WTW's intranet site and are translated into 26 languages to support their global application and understanding.

Online training is delivered annually in these languages on a risk-based approach to Willis Towers Watson employees regarding Anti-Bribery & Corruption; Gifts Entertainment & Hospitality; and Third Party Bribery Risk, including a comprehension test on the module content.

All employees of Willis Towers Watson are also required to comply with the Code of Conduct, which sets out the Company's expectations regarding anti-bribery and anti-corruption matters. All employees are required annually to complete Code of Conduct training (provided in multiple languages) and to complete a comprehension test on the module content and certify their understanding and compliance with the Code of Conduct.

Corporate and Social responsibility

At WTW, we each share a set of core values that serve as a guide for how we manage our relationships inside the company and out. Within these values there is a focus on good citizenship that involves supporting the communities and protecting the environments where we live and work.

WTW has appointed a Global Lead of Corporate Social Responsibility to guide this work and has implemented a Matching Gift Programme and Volunteer Day Programme available to all colleagues. An internal group-wide forum helps our colleagues celebrate examples of how they use these programmes to give back to their communities.

Whistleblowing

Pursuant to the Code of Conduct, WTW conducts its business responsibly and in compliance with all applicable laws, regulations, internal accounting standards, accounting controls and audit findings. It is expected that colleagues will act with the highest possible standards of honesty, ethical conduct and integrity in all that they do. Should colleagues have a genuinely held concern that these high standards are not being maintained, they are invited to raise any concerns via several different confidential reporting routes. WTW takes all reports of misconduct seriously and investigates them thoroughly. Reprisal or retaliation against anyone who has in good faith reported potential breaches of our values, the Code of Conduct or the law is not tolerated.

Section 172 Companies Act 2006

In the course of the year, the Board of Directors 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 (see Strategy section above);

(b) the interests of its employees (see Employees section above);

(c) the Company's business relationships with its suppliers, customers and others (see Outsourcing Risk section above);

(d) community and environment (see Environment section above); and

(e) reputation and business conduct (see Regulatory, Legal and Conduct Risk section above).

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

In each case, the Board carefully considered the long-term consequences of each of these decisions by discussing with, and challenging management, on the consequences of any decisions on its key stakeholders (see Directors' Report below), the Company's reputation, and the impact on its culture and conduct. The Board has a well-established Audit Committee and an Enterprise Risk Management Committee, both of which review all the Board's principal decisions based on their internal control assessments and risk assessments.

The key responsibility of the Enterprise Risk Management Committee is to satisfy itself and report its conclusions to the Board on the solvency of the Company and its subsidiaries on a realistic stressed basis for the foreseeable future. The Enterprise Risk Management Committee reviews, and reports to the Board, whether:

- there is effective leadership on risk issues;
- the risk culture across the organisation is appropriate;
- the remuneration strategy encourages excessive risk taking;
- all material risks have been identified and accurately assessed;
- any risks that are outside the Company's risk appetite are identified and escalated and are being actively managed to bring the risk back within appetite;
- mitigation action is timely and appropriate;
- material risks are being controlled through an effective, efficient and comprehensive control environment;
- WTW policies and initiatives are appropriate and adhered to; and
- the businesses are meeting their regulatory responsibilities.

Section 172 Companies Act 2006 (continued)

The purpose of the Audit Committee is to provide assurance to the Board that, based on available evidence, the system of internal control established by management is:

- appropriately designed for a business of the size and nature of the Company;
- operating effectively;
- likely to continue to operate for the foreseeable future; and
- the Internal Audit function has appropriate resources to fulfil its function effectively.

The Audit Committee ensures all reporting disclosures on the system of internal control are appropriate, and satisfies itself that:

- the financial statements of the Company present a true and fair view and are in accordance with the agreed accounting policies;
- key judgements and disclosures are appropriate;
- it continues to be appropriate to prepare the financial statements on a going concern basis;
- risk issues are adequately reflected in the financial statements; and
- appropriate Client Money Controls are in place.

During the year the Audit Committee requested, and received, confirmation that the Internal Audit resources were adequate to fulfil the Internal Audit Plan.

An important channel that provided rigorous review and challenge to some of management's recommendations to the Board was the Controls Committee, whose prime responsibility is to ensure the effective design and operation of controls within the Company, including monitoring key controls and overseeing improvements to key controls. The Committee facilitates dialogue and co-operation between the Risk, Compliance, Internal Audit, IT, Information Security, Legal and Finance functions and the business operations of the Company to ensure an appropriate control environment exists across the Company.

In the course of the year, the Board of Directors regularly reviewed and monitored management information in respect of the Company's day-to-day activities by regularly receiving and reviewing the reports from the Chief Executive Officer, the Heads of the Lines of Business (CRB and IRR), Chief Finance Officer, Chief Operating Officer and the Human Resources, Legal, Risk, Finance, Audit and Compliance functions. In the course of the year, the Board of Directors enhanced its engagement with employees and other stakeholders in various ways, details of which are included in the Directors' Report below.

During the course of the year, the Directors received training on a variety of subjects including directors' duties, The Companies (Miscellaneous Reporting) Regulations 2018, corporate governance reporting requirements, financial crime and the FCA's Senior Managers and Certification Regime ('SM&CR'). Management also received training from the Institute of Directors on directors' duties.

Board packs for the Company were streamlined and were issued to the Directors a few days in advance of the Board meetings in order to provide adequate time for review. Each paper in the Board pack contained a cover sheet which provided an executive summary of the paper and specified the action that was required of the Board. While Board papers have in practice covered various S172 factors in their content, it is expected that going forward the cover sheets will highlight specifically any S172 factors for consideration if the Board is requested to make any decisions.

This strategic report was approved by the Board of Directors and authorised for issue on 13 May 2020 and signed on its behalf by:

Nicolas Aubert
Director
51 Lime Street
London EC3M 7DQ

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2019.

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 2019, along with the principal risks faced in achieving its future objectives, future developments, information on financial risk management and information about employees.

Going concern

The directors evaluate at each annual period whether there are conditions or events, considered in the aggregate, that raise a material uncertainty about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The Directors' evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued.

Recently, the COVID-19 pandemic ('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. 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 the Company'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 Group and stress testing of liquidity and financial resources.

As noted in the Capital Policy note within the strategic review, the Company is required to maintain capital and cash balances in accordance with the FCA's Threshold Conditions and MIPRU requirements. The Directors have considered liquidity stress testing that includes COVID-19 impact scenarios against these capital requirements to ensure the Company would continue to maintain capital resources of at twice that requirement for the foreseeable future.

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 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 37.

Branches

As at 31 December 2019, the Company had branches located in France (the only branch located in an European Economic Area member state other than the UK) and the United Arab Emirates.

Dividends

An interim dividend of $195 million was paid on 14 October 2019 (2018: $124 million paid on 31 July 2018). The Directors do not recommend the payment of a final dividend (2018: $nil).

Events after the balance sheet date

On 9 March 2020, Willis Towers Watson plc 'WTW' and AON plc 'Aon' issued an announcement disclosing that the board of directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. Under the terms of the agreement each WTW shareholder will receive 1.08 Aon ordinary shares for each WTW ordinary share. Upon completion of the combination, existing Aon shareholders will own approximately 63% and existing WTW shareholders will own approximately 37% of the combined company on a fully diluted basis.

The transaction is subject to the approval of the shareholders of both WTW and Aon, as well as other customary closing conditions, including required regulatory approvals. The parties expect the transaction to close in the first half of 2021, subject to satisfaction of these conditions.

The Directors have considered the impact of COVID-19 on the Company, which is a non-adjusting post balance sheet event. Assets and liabilities have been measured based on events and conditions at the balance sheet date. It is not practical to provide further quantitative disclosure of the impact of COVID-19 on assets and liabilities.

Employees

It is the Company's and 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. Eloise M Martin and James H Willens resigned from the Board on 17 April 2019 and 31 October 2019, respectively. Richard J Vanner, Claire E Turner, Dipesh M P R Shah and Stuart W Sinclair joined the Board on 16 April 2019, 26 September 2019, 13 November 2019 and 11 March 2020, respectively. There were no other changes in Directors during the year or after the year end.

The activities of the directors are covered by a group-wide Directors and Officers Insurance policy.

Statement of corporate governance arrangements

The Board of Directors adopted the Wates Principles of Corporate Governance for Large Private Companies as the Company's primary corporate governance code. The Board also operates within a wider corporate governance framework (the Subsidiary Governance Guidelines) for the subsidiaries of its ultimate parent company, Willis Towers Watson plc.

The Company applied the six Wates Principles in the following ways:

Principle 1: Purpose and Leadership

WTW's purpose is the reason that the Company exists. WTW creates clarity and confidence today for a more sustainable tomorrow. The Company is a leading global advisory, broking and solutions company that helps its customers around the world turn risk into a path for growth. The Company's values are more than words. The Company has adopted the following values, which are the WTW values: customer focus, teamwork, integrity, respect and excellence. The Company believes that living its values every day drives its success. The values frame the Company's approaches and ways of working and embed the behaviours that drive its performance. The Company's values are communicated consistently across all staff and customer messaging, on the Company's website, and are embedded in all employee engagement, including performance management tools.

The Company has a strong culture aligned to its values. The Company's culture is constantly monitored through company-wide staff engagement surveys carried out every two years, exit interviews, one to one engagement, Board site visits, town hall events carried out by senior management and regular reports to the Board.

For further details on the Company's strategy, see the Strategic Report above.

Statement of corporate governance arrangements (continued)

Principle 2: Board Composition

On 31 December 2019, the Board comprised thirteen directors. Using the definition contained in the UK Corporate Governance Code, the Chair was independent upon appointment. In addition, the Board has four Non-Executive Directors, two of whom are independent and chair the Enterprise Risk Management and Audit Committees. The Board has eight Executive Directors who include the Chief Executive Officer, the Chief Finance Officer, the heads of the major businesses, the Chief Operating Officer, Chief Compliance Officer and Chief Risk Officer.

The Board members are shown on page 1.

The Board considers its size and the diversity of its composition in respect of gender, experience and ethnicity to be appropriate for the size of the Company. The Company has a strong culture of inclusion and diversity and considers it to be critical to its business. It is how the Company hires and promotes, how it works with customers and how its teams function. WTW is committed to creating an inclusive work environment where everyone is heard, respected and valued for who they are. The Board has a good balance of knowledge and experience across all its Executive and Non-Executive Directors, whose details are contained in the Directors' Report.

The Board periodically carries out external Board effectiveness reviews. The last such review was conducted in 2017. The Board considers the output and ensures that the recommendations are implemented.

Principle 3: Director Responsibilities

At WTW, corporate governance is defined by the system of rules, practices and processes by which companies are directed and controlled and the aim of which is to enable the best decisions to be made by those companies.

The Company ensures adherence to a set of WTW-wide internal subsidiary governance guidance that applies across the segments, geographies and legal entities at WTW. These set out minimum standards for areas such as Board composition, changes to Boards, director training, database guidelines and document retention. In addition, the Board has also adopted the Wates Principles of Corporate Governance for Large Private Companies. Also, the Company has in the course of the year, reviewed and adopted the appropriate governance standards in order to comply with the FCA's SM&CR.

In line with the Company's Risk Management Framework, the Board organises its work by delegating specific matters to the following Board Committees:

- the Enterprise Risk Management Committee;
- the Audit Committee;
- the Nominations Committee; and
- the Culture and Conduct Committee (with effect from 2020).

The Board and its Committees receive regular reports and management information from the businesses in order to assist them to discharge their responsibilities under the individual constitutional documents and terms of reference, as well as their individual responsibilities under the FCA's SM&CR.

Principle 4: Opportunity and Risk

The WTW Enterprise Risk Management team is a global team which works with businesses and corporate functions to ensure a proactive and integrated approach to risk management, and with colleagues to help them effectively and efficiently deliver quality and manage risk. The Board's Enterprise Risk Management Committee meets at least quarterly. This Board Committee advises the Board on risk matters including the assessment of risk appetite and monitoring of risk against that appetite.

The Board reviews its risk appetite and internal control framework regularly and uses Board meetings and other arrangements to ensure that it has continuous market insights in the context of the Company's businesses.

Statement of corporate governance arrangements (continued)

Principle 4: Opportunity and Risk *(continued)*

The Company's strategy is aligned to the WTW strategy, which is based on the belief that a unified approach to people and risk yields growth for our customers. The Company's integrated teams bring together the Company's understanding of risk strategies and market analytics. This helps customers around the world to achieve their objectives.

The Chief Executive regularly provides the Board with a market overview which includes opportunities for tangible and intangible value creation. The Board also regularly holds strategy execution discussions, which provides the Board with the time to consider and debate opportunities for the Company.

For further details, see the Strategic Report above.

Principle 5: Remuneration

At WTW, employees are paid for performance, so compensation programmes are designed to support both short- and long-term goals, as well as both individual and team successes. Base salary is determined by a colleague's role, proficiency in the role and location. As a leader in compensation surveys, WTW uses market data to ensure its offerings are competitive.

Salary increases are generally made through the annual year-end review process. Increases are based on employee performance and competency development during the prior year, and may be made in conjunction with a role change or level change, or, in some cases, to ensure external competitiveness.

Short term incentives are discretionary awards paid annually that reflect the performance of the business and enable the company to recognize colleague contributions to its success for that given year.

Senior management remuneration is also based on performance over the course of the year and demonstration of the WTW values in a similar way to that of all other employees. The Company has a long-term incentive programme which is an annual discretionary programme designed for the most senior colleagues who make strategic contributions to the success of the business over time.

Discretionary awards for all staff including senior managers align with performance, behaviours, and achievement of the Company's purpose, values, and strategy.

For further details on compensation, see note 6 to the Financial Statements below.

Principle 6: Stakeholder Relationships and Engagement

The Company's material stakeholders are its customers, employees, the FCA, its parent company, its environment and its third-party suppliers. The Board of Directors is committed to engaging appropriately with its material stakeholders and to consider any feedback received in making any principal decisions. While the Board of Directors has been aware of this requirement in its deliberations, it is scheduled to consider adopting a stakeholder dashboard which will be kept under regular review in the course of the following year in order to maintain this duty at the forefront of its deliberations.

In the course of the year, the Board of Directors engaged with the FCA and the parent company as well as its employees prior to arriving at its Brexit approach and implementing the governance and employment related changes that were required for the adoption of the FCA's SM&CR. The Board of Directors also took feedback from its material stakeholders in the following ways:

Employees - the Board carried out site visits which provided an opportunity for the Board to meet members of staff other than the usual presenters to the Board. In addition, the Board regularly receives a people update from the Human Resources Director as well as related updates in respect of inclusion and diversity from other members of the Executive team. The Board of Directors has recently appointed the Human Resources Director, the Chief Compliance Officer and the Chief Risk Officer to the Board. This ensures that the interests of the employees, the FCA and the second line functions are actively considered during Board deliberations. The regular updates from the Human Resources Director include consideration of employees' interests when setting remuneration and terms of employment as well as a broad range of Human Resource and employment law matters such as redundancies, relocation and health and safety issues. The Board of Directors took into account feedback from the Regulator, the employees and the parent company via the various executive reports prior to approving the structural changes required for the adoption of the SM&CR.

Statement of corporate governance arrangements (continued)

Principle 6: Stakeholder Relationships and Engagement (continued)

Regulators - most of the Directors have scheduled periodic engagement meetings with the FCA and maintain an open and proactive relationship with the FCA by engaging in frequent, two-way dialogue. The Board of Directors also engages with the Regulator on an ad-hoc basis as issues arise, and proactively engaged with the FCA while building the plans for adoption of the SM&CR as well as the Company's Brexit preparedness solution. The Board of Directors considers the feedback from the FCA very carefully and has developed a culture of proactive compliance based on its ongoing channels of communication. The appointment of the UK Compliance Director to the Board has been a key appointment to ensure the FCA's perspective is an active one during Board deliberations.

Shareholder - the ultimate parent of the Company is Willis Towers Watson plc. In the course of 2019, the Company entered into a Memorandum of Understanding with the ultimate parent company, which established the principle that while the parties each recognised that the Company was part of a global enterprise, the Company itself is a UK regulated entity and as such was sufficiently empowered and had the authority and mandate to undertake the activities necessary to ensure that its implementation of WTW's global aims and strategy and its business model, prudential arrangements and the conduct of its business were consistent with FCA regulation and applicable law. In addition, the Board fosters communication with the Board of Willis Towers Watson plc through the appointment of a common Non-Executive Director, who is a member of both Boards.

Environment - the Company recognises the importance of its environmental responsibilities and through WTW monitors its impact on the environment on a location by location basis, designs and implements policies to reduce any damage that might be caused by its activities. The Company uses internal and external methods to measure its environmental and social governance progress. Internally, the Company 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, the Company is focused on improving its performance ratings in public indices. 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.

For further details, see the Strategic Report above and www.willistowerswatson.com/en-US/About-Us/environmental-social-and-governance.

Customers - one of the Company's values is to be customer focused. The Company is driven to help its customers succeed. In every interaction and with every solution, employees are encouraged to act in the Company's customers' best interests, striving to understand their needs, respecting their perspectives and exceeding their expectations. For instance, the Board of Directors carefully considered the Company's customers' best interests prior to approving the Brexit preparedness solution. The Board of Directors receives updates on customer interaction and feedback via business reports, which are presented regularly to every scheduled Board meeting.

Third Party Suppliers - the company continuously monitors its supply chain and ensures oversight over its key supplier arrangements. The Company has a Chief Operating Officer, who is also a member of the Board, who oversees the Company's key suppliers and maintains appropriate relationships. The Chief Operating Officer presents a report to every scheduled Board meeting and escalates all material items of feedback as necessary to the Board on a regular basis. For further details, see the Modern Slavery Statement for Willis Limited, available on the WTW website, www.willistowerswatson.com.

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 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;
- 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 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 13 May 2020 and signed on its behalf by:

Nicolas Aubert
Director
51 Lime Street
London EC3M 7DQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 26.

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.

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.

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.

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

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
13 May 2020

WILLIS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $m	2018 $m
Brokerage and fees	3	955	940
Other income	4	2	2
Interest and investment income		17	12
Turnover		974	954
Operating expenses		(717)	(753)
Operating income/(expense) – foreign exchange gain/(loss)		23	(65)
Operating profit	5	280	136
Interest receivable and similar income	8	29	25
Profit before taxation		309	161
Tax charge on profit	9	(58)	(23)
Profit for the year		251	138

All activities derive from continuing operations.

The notes on pages 37 to 67 form an integral part of these financial statements.

WILLIS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $m	2018 $m
Profit for the year		251	138
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) relating to the defined benefit pension scheme	20	55	(58)
UK deferred tax attributable to actuarial gain/(loss)	9	(10)	10
Foreign currency translation		—	4
		45	(44)
Items that are or may be reclassified subsequently to profit or loss:			
Derivative instruments:			
- Gains/(Losses) on forward contracts (effective element)		10	(14)
- Reclassification adjustments for forward exchange contracts included in income statement		8	20
Tax on items relating to components of comprehensive income	9	(3)	(1)
Other comprehensive income/(loss) for the year, net of income tax		60	(39)
Total comprehensive income for the year		311	99

The notes on pages 37 to 67 form an integral part of these financial statements.

WILLIS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	2019 $m	2018 $m
Fixed assets			
Intangible assets	11	206	217
Tangible fixed assets	12	30	27
Investments	13	5	5
		241	249
Current assets			
Debtors:			
Amounts falling due within one year	14	873	794
Amounts falling due after more than one year	14	33	24
		906	818
Deposits and cash: held in fiduciary capacity		1,324	1,128
Deposits and cash		150	180
		2,380	2,126
Current liabilities			
Creditors: amounts falling due within one year	15	(481)	(439)
Fiduciary liabilities: amounts falling due within one year	16	(1,324)	(1,128)
		(1,805)	(1,567)
Net current assets		575	559
Total assets less current liabilities		816	808
Creditors: amounts falling due after more than one year	17	(7)	(2)
Provisions for liabilities	18	(41)	(39)
Net assets excluding pension plan surplus		768	767
Defined pension plan surplus	20	604	489
Net assets including pension plan surplus		1,372	1,256
Equity			
Called up share capital	19	153	153
Cash flow hedging reserve		4	(11)
Retained earnings		1,215	1,114
Shareholder's equity		1,372	1,256

The notes on pages 37 to 67 form an integral part of these financial statements.

The financial statements of Willis Limited, registered company number 00181116, were approved by the Board of Directors and authorised for issue on 13 May 2020 and signed on its behalf by:

Peter Carter

Peter Carter

Director

WILLIS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Called up share capital $m	Cash flow hedging reserve $m	Retained earnings $m	Total equity $m
Balance at January 1, 2018		153	(16)	1,118	1,255
Profit for the year		—	—	138	138
Other comprehensive income/(expense):					
Actuarial losses on pension scheme	20	—	—	(58)	(58)
Foreign currency translation		—	—	4	4
Reclassification adjustments for forward exchange contracts included in income statement		—	20	—	20
Losses on forward contracts (effective element)		—	(14)	—	(14)
Tax on items relating to components of other comprehensive income		—	(1)	10	9
Total comprehensive income for the year		—	5	94	99
Adoption of IFRS 15		—	—	25	25
Equity-settled share based payment transactions	25	—	—	1	1
Dividends to shareholders	10	—	—	(124)	(124)
Balance at December 31, 2018		153	(11)	1,114	1,256
Profit for the year		—	—	251	251
Other comprehensive income/(expense):					
Actuarial gain on pension scheme	20	—	—	55	55
Reclassification adjustments for forward exchange contracts included in income statement		—	8	—	8
Gains on forward contracts (effective element)		—	10	—	10
Tax on items relating to components of other comprehensive income		—	(3)	(10)	(13)
Total comprehensive income for the year		—	15	296	311
Dividends to shareholders	10	—	—	(195)	(195)
Balance at December 31, 2019		153	4	1,215	1,372

The notes on pages 37 to 67 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 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 except for certain financial instruments that are measured at fair value at the end of each reporting period

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

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 a period of at least twelve months from the date of approval of the financial statements. 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.

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.

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

Revenue includes insurance commissions, fees for services rendered, certain commissions receivable from insurance carriers and investment income earned on fiduciary balances.

In our broking arrangements, we earn revenue by acting as an intermediary in the placement of effective insurance policies. Generally, we act as an agent and view our client to be the party looking to obtain insurance coverage for various risks, or an employer or sponsoring organisation looking to obtain insurance coverage for its employees or members. Also, we act as an agent in reinsurance broking arrangements where our client is the party looking to cede risks to the reinsurance markets. Our primary performance obligation under the majority of these arrangements is to place an effective insurance or reinsurance policy, but there can also be post-placement obligations in certain contracts. The most common of these is for claims handling, although this is typically considered to be an immaterial performance obligation.

Due to the nature of the majority of our broking arrangements, no single document constitutes the contract for IFRS 15 purposes. Our services may be governed by a mixture of different types of contractual arrangements depending on the jurisdiction or type of coverage, including terms of business agreements, broker-of-record letters, statements of work or local custom and practice. This is then confirmed by the client's acceptance of the underlying insurance contract. Prior to the policy inception date, the client has not accepted nor formally committed to perform under the arrangement (i.e. pay for the insurance coverage in place). Therefore, in the majority of broking arrangements, the contract date is the date the insurance policy incepts.

As noted, our primary performance obligations typically consist of only the placement of an effective insurance policy which precedes the inception date of the policy. Therefore, most of our fulfilment costs are incurred before we can recognise revenue, and are thus deferred during the pre-placement process. Where we have material post-placement services obligations, we estimate the relative fair value of the post-placement services using either the expected cost-plus-margin or the market assessment approach.

Fees for our broking services consist of commissions or fees negotiated in lieu of commissions. At times, we may receive additional income for performing these services from the insurance and reinsurance carriers' markets, which is collectively referred to as 'market derived income'. In situations in which our fees are not fixed but are variable, we must estimate the likely commission per policy, taking into account the likelihood of cancellation before the end of the policy. For proportional treaty reinsurance broking, the commissions to which we will be entitled can vary based on the underlying individual insurance policies that are placed, we base the estimates of transaction prices on supportable evidence from an analysis of past transactions, and only include amounts that are probable of being received or not refunded (referred to as applying 'constraint' under IFRS 15). This is an area requiring significant judgement and results in us estimating a transaction price that may be significantly lower than the ultimate amount of commissions we may collect. The transaction price is then adjusted over time as we receive confirmation of our remuneration through receipt of treaty statements, or as other information becomes available.

We recognise revenue for most broking arrangements as of a point in time at the later of the policy inception date or when the policy placement is complete, because this is viewed as the date when control is transferred to the client.

Revenue is stated net of VAT where applicable.

Investment income earned on fiduciary balances is recognised on an accruals basis.

1. **General information and accounting policies (continued)**

Cost to obtain or fulfil contracts

Costs to obtain customers include commissions for brokers under specific agreements that would not be incurred without a contract being signed and executed. The Company has elected to apply the IFRS 15 'practical expedient' which allows it to expense these costs as incurred if the amortization period related to the resulting asset would be one year or less. The Company has no significant instances of contracts that would be amortized for a period greater than a year, and therefore has no contract costs capitalized for these arrangements.

Costs to fulfil include costs incurred by the Company that are expected to be recovered within the expected contract period. The Company must estimate the fulfilment costs incurred during the pre-placement of the broking contracts. These judgements include:

- which activities in the pre-placement process should be eligible for capitalisation;
- the amount of time and effort expended on those pre-placement activities;
- the amount of payroll and related costs eligible for capitalisation; and,
- the monthly timing of underlying insurance and reinsurance policy inception dates.

The Company amortises costs to fulfil over the period it receives the related benefits. For broking pre-placement costs, this is typically less than a year.

Interest receivable and interest payable

Interest receivable and interest payable are recognised as interest accrues using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Foreign currency translation

These financial statements are presented in US dollars 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 as profit or loss 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)

Intangible assets - Goodwill

Goodwill represents the excess of the cost of businesses acquired over the fair market value of identifiable net assets at the dates of acquisition. The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 require the amortisation of goodwill. However, the Company believes the amortisation of goodwill would not give a true and fair view because:

- not all goodwill declines in value; and
- goodwill that does decline in value rarely does so on a straight-line basis.

Consequently, straight-line amortisation of goodwill over an arbitrary period does not reflect economic reality and thus does not provide useful information to financial statement users. The Company is therefore invoking the 'true and fair view override' described above.

The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Consequently, the Company does not amortise goodwill but reviews it for impairment annually and whenever facts or circumstances indicate that the carrying amounts may not be recoverable.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Intangible assets - Other

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 as follows:

Acquired client relationships	In line with underlying cash flows over 5 to 20 years
Software development costs	On a straight line basis over 4 to 7 years

Development costs have been capitalised in accordance with IAS 38 *Intangible Assets* and are therefore not treated, for dividend purposes, as a realised loss.

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:

Freehold buildings	2 per cent per annum
Freehold land	Not depreciated
Equipment	Straight line over 7 years

Expenditure for improvements is capitalised; repairs and maintenance are charged to the income statement 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 in the period in which the impairment occurs.

Fixed asset investments

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

1. General information and accounting policies (continued)

Insurance broking assets and liabilities

The Company acts as agent in placing the insurable risks of its clients with insurers and, as such, generally is not principal to the contracts under which the right to receive premiums from clients, or reimbursement of insured losses from insurers, arises. Consequently, the Company is generally neither contractually entitled to demand premiums from clients nor liable to insurers for any uncollected amounts arising from such transactions

In recognition of this relationship, uncollected premiums and claims from insurance broking transactions are not included as assets or liabilities of the Company. Other than the receivable for revenue not yet received for fees and commissions earned on a transaction, no recognition of the insurance transactions occurs.

In certain exceptional circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection from fiduciary funds. To the extent that these advances result in increased credit risk this is reflected in the recognition of an expense for bad and doubtful debts and an equal and opposite provision.

Deposits and cash: held in fiduciary capacity ('fiduciary funds')

Unremitted insurance premiums and claims are recorded within fiduciary funds. Fiduciary funds are required to be kept in certain regulated bank accounts subject to guidelines which emphasise capital preservation and liquidity. Such funds are not available to service the Company's debt or for other corporate purposes. Notwithstanding the legal relationships with clients and insurers, the Company is generally entitled to retain interest and investment income earned on fiduciary funds in accordance with agreements with insureds and insurers and in accordance with industry custom and practice where these agreements are not in place.

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.

Past service costs are recognised in profit and loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance income or cost.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

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.

1. General information and accounting policies (continued)

Share-based payments

The Company's ultimate parent company, Willis Towers Watson plc, issues equity-settled and cash-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.

Fair value of options is typically measured by use of the Black-Scholes pricing model. The expected life of options granted used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value of each performance-based restricted stock unit is estimated on the grant date using a Monte-Carlo simulation that uses the following assumptions: expected volatility is based on the historical volatility of WTW's shares and the risk-free rate is based on the US Treasury yield curve in effect at the time of the grant.

For the cash-settled share-based compensation, the Company recognises a liability for the fair-value of the awards as of each reporting date. The liability for these awards is included within other non-current liabilities in the balance sheet since these amounts are not payable until at least 2021. Expense is recognised over the service period, and as the liability is remeasured at the end of each reporting period, changes in fair value are recognised within Operating Expenses in the Income statement. The significant assumptions underlying our expense calculations include the estimated achievement of any performance targets and estimated forfeiture rates.

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 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.

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)**

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 as at amortised cost, at fair value through other comprehensive income 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. The Company generally classifies its financial liabilities as at amortised cost or at fair value through profit or loss.

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, except that trade receivables are initially recognised at their transaction price, and are 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 reubuttable presumption that a financial asset to be 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. Interest rate swaps are used to manage interest rate exposures. 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.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception.

The effective portions of changes in the fair value of derivatives that qualify for hedge accounting as cash flow hedges are recorded in other comprehensive income. Amounts are reclassified from other comprehensive income to earnings when the hedged exposure affects earnings. Changes in fair value of derivatives that do not qualify for hedge accounting, together with any hedge ineffectiveness on those that do qualify, are recorded in operating expenses or interest expense as appropriate.

1. General information and accounting policies (continued)

Recent accounting pronouncements adopted in the current period

In January 2016, the International Accounting Standards Board ('IASB') issued IFRS 16 'Leases' ('IFRS 16') which supersedes IAS 17 'Leases' ('IAS 17'). The new standard, which was endorsed by the European Union in October 2017, introduces a single lessee accounting model. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, measuring the right-of-use asset similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. The standard became mandatorily effective for the Company on 1 January 2019. The Company applied the lessee requirements using the cumulative catch-up approach whereby it recognized a transition adjustment at the effective date of IFRS 16, 1 January 2019. The adoption of IFRS 16 resulted in a $2 million right-of-use asset and a $2 million lease liability being recognized at 1 January 2019. There was no adjustment to retained earnings.

With effect from 1 January 2019 the Company adopted IFRIC 23 'Uncertainty over Income Tax Treatments'. This Interpretation on IAS 12 '*Income Taxes*' clarifies that if there is uncertainty over income tax treatments (i.e. how tax law applies) the Company should:

- use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together; and
- consider whether it is probable that a tax authority will accept each tax treatment that it used or plans to use in its income tax filing:

  - if yes, the Company must determine its accounting tax treatment consistently with the tax treatment included in its income tax filings;

  - if no, the Company must use the most likely amount or the expected value (the sum of probability-weighted amounts in a range of possible outcomes) of the tax treatment.

The Company applied the IFRIC retrospectively, with the cumulative effect of initial application recognised at 1 January 2019. The adoption of this accounting standard had no effect on the Company's financial statements.

With effect from 1 January 2019 the Company adopted the 'Plan Amendment, Curtailment or Settlement' amendments to IAS 19 'Employee Benefits'. The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. When a change to a plan - an amendment, curtailment or settlement - takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. The Company applied these amendments to plan amendments, curtailments or settlements occurring on or after 1 January 2019. The adoption of this accounting standard had no effect on the Company's financial statements.

With effect from 1 January 2019 the Company adopted the 'Annual Improvements to IFRS Standards 2015-2017 Cycle' amendments to IAS 12 'Income Taxes' requiring a company to recognise the income tax consequences of dividends when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company applied these amendments to the income tax consequences of dividends recognised on or after 1 January 2018. The adoption of this accounting standard had no 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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Management judgement has been applied in the assessment of the significance of brokerage post placement obligations and hence the amount of revenue deferred and, also, for negotiated fee arrangements covering multiple insurance placements, in the determination of the relative fair value of the services completed and the services yet to be rendered.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of goodwill

Significant management judgement is required to estimate:

- the future cash flows of the cash generating units, which are sensitive to projected cash flows for the period for which detailed forecasts are available and assumptions regarding the long-term pattern of cash flows thereafter; and
- the rates used to discount cash flows, which are sensitive to the risk-free interest rate in the UK and a premium for the risk of the business being evaluated; these variables are subject to fluctuations beyond management's control.

As part of the annual impairment test, which was performed as at 31 December 2019, management reviewed the current and expected performance of the cash generating units and determined that there was no indication of impairment of the goodwill allocated to them. See note 11 for the carrying amount of goodwill. No impairment of goodwill was identified in 2019 or 2018.

Acquired customer relationships

During the year, management reconsidered the recoverability and estimated useful economic lives of its intangible acquired customer relationships asset which is included in its balance sheet at $6 million (see note 11). Management is confident that the carrying amount of the asset will be recovered in full and that the useful economic lives remain appropriate.

Software and development costs

During the year, management reconsidered the recoverability and estimated useful economic lives of its intangible software and development costs asset which is included in its balance sheet at $14 million (see note 11). A $1 million impairment charge was incurred during 2019 equal to the carrying amount of a software development project cancelled in the year that is not expected to generate future economic benefit. Management is confident that the carrying amount of the asset will be recovered in full and that the useful economic lives remain appropriate.

2. Critical accounting judgements and estimates (continued)

Key sources of estimation uncertainty (continued)

Useful economic lives of tangible fixed assets

The annual depreciation charge for freehold land and buildings 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. See note 12 for the carrying amount of the tangible fixed assets, and note 1 for the useful economic lives for each class of assets.

Impairment of investments in subsidiaries

Determining whether the Company's investment in a subsidiary has been impaired requires estimations of the investment's fair value, less costs of disposal, and/or value in use. Management judgement is required to identify comparable recent transactions and/or to estimate the future cash flows expected to arise from the investment and select a suitable discount rate to use in calculating present value. See note 13 for the carrying amount of investments in subsidiaries. No impairment loss was recognised in 2019 or 2018.

Impairment of financial assets at amortised cost

Management judgement is required to measure the loss allowance for financial assets at amortised cost at the end of each reporting period. See notes 14 and 15 for the carrying amount of financial assets at amortised cost. No impairment loss was recognised in 2019 or 2018.

Revenue Recognition

We use significant estimates related to revenue recognition, most commonly during our estimation of the transaction price.

This process occurs most frequently in proportional treaty reinsurance broking transactions in which our fees are not fixed but are variable and we must estimate the likely commission per policy, taking into account the likelihood of cancellation before the end of the policy. The commissions to which we will be entitled can vary based on the underlying individual insurance policies that are placed. We base the estimates of transaction prices on supportable evidence from an analysis of past transactions, and only include amounts that are probable of being received or not refunded (referred to as applying 'constraint' under IFRS 15). This results in us estimating a transaction price that may be significantly lower than the ultimate amount of commissions we may collect. The transaction price is then adjusted over time as we receive confirmation of our remuneration through receipt of treaty statements, or as other information becomes available.

Cost to fulfil contracts

Management judgement is required to estimate the fulfilment costs incurred during the pre-placement of the broking contracts. These judgements include:

- which activities in the pre-placement process should be eligible for capitalisation;
- the amount of time and effort expended on those pre-placement activities;
- the amount of payroll and related costs eligible for capitalisation; and,
- the monthly timing of underlying insurance and reinsurance policy inception dates.

Further details are given in Note 3.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are given in note 9.

Provisions

Management judgement is required to determine the probability of an outflow of resources and to estimate the amount. Further details are given in note 18.

2. Critical accounting judgements and estimates (continued)

Key sources of estimation uncertainty (continued)

Funded defined benefit pension scheme

The Company uses the granular approach to calculating service and interest cost. The major assumptions used in the actuarial valuation of the funded defined benefit pension scheme operated by the Company are the rate of increase in salaries, the rate of increase in pensions in payment, the discount rate, RPI and CPI inflation rates, and mortality and longevity rates. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Further details are given in note 20.

3. Brokerage and fees

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.

Brokerage and fees	2019 $m	2018 $m
United Kingdom	340	306
North America	157	165
Rest of the world	458	469
	955	940

Contract Balances

The Company receives payments from customers based on billing schedules or terms as written in its contracts. Those balances denoted as contract assets relate to situations where the Company has completed some or all performance under the contract, however the Company's right to consideration is conditional. Contract assets result most materially in the proportional treaty broking business. Deferred revenue (within Accruals and deferred income) relates to payments received in advance of performance under the contract, and is recognised as revenue as (or when) the Company performs under the contract.

During the year ended 31 December 2019, revenue of approximately $14 million was recognised that was reflected as deferred revenue at 1 January 2019. The primary driver for the changes in contract assets and liabilities from 1 January 2019 to 31 December 2019 was the collection of cash, which either reduced the contract assets, or added additional deferred revenue.

During the year ended 31 December 2019, the Company recognised no material revenue related to performance obligations satisfied in a prior period.

3. Brokerage and fees (continued)

Performance Obligations

The Company has contracts for which performance obligations have not been satisfied at 31 December 2019 or have been partially satisfied at 31 December 2019. The following table shows the expected timing for the satisfaction of the remaining performance obligations. This table does not include contract renewals nor variable consideration, which was excluded from the transaction prices in accordance with the guidance on constraining estimates of variable consideration.

In addition, the Company has elected not to disclose the remaining performance obligations when one or both of the following circumstances apply:

- Performance obligations which are part of a contract that has an original expected duration of less than one year; and
- Performance obligations satisfied in accordance with IFRS 15 paragraph B16 ('right to invoice').

	2020	2021 onwards	Total
	$m	$m	$m
Revenue expected to be recognised on contracts as of 31 December 2019	—	—	—

Since most of the Company's contracts are cancellable with less than one year's notice, and have no substantive penalty for cancellation, the majority of the Company's remaining performance obligations as of 31 December 2019 has been excluded from the table above.

Costs to obtain or fulfil a contract

The Company incurs costs to obtain or fulfil contracts which it would not incur if a contract with a customer was not executed.

The following table shows the categories of costs that are capitalised and deferred over the expected life of a contract.

	Costs to fulfil
	$m
Balance at 1 January 2018	24
New capitalised costs	91
Amortisation	(91)
Balance at 31 December 2018	24
New capitalised costs	97
Amortisation	(94)
Balance at 31 December 2019	27

4. Other income	2019 $m	2018 $m
Other income	2	2

In anticipation of a change to the UK's trading relationship with the EU, on 1 July 2019 the Company disposed of a Reinsurance book of business to Willis BV (Netherlands), a fellow group undertaking. Consideration paid to the Company was €1.8 million ($2.0 million) with no corresponding costs in relation to the disposal.

On 11 July 2018 the Company reached agreement with a competing company concerning the acts and/or omissions of the competitor and certain other parties following the recruitment of a number of company employees and the appropriation of business from the Company's Insolvency practice. As part of the agreement the competing company agreed to pay to the Company the sum of £1.4 million ($1.8 million).

5. Operating profit	2019 $m	2018 $m
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 12)	2	2
Amortisation of intangible assets (note 11)	8	8
Impairment of software and development costs (note 11)	1	—
Current service cost of pension schemes:		
- defined benefit scheme (note 20)	14	18
- defined contribution scheme (note 20)	10	10
Defined benefit scheme past service cost (note 20)	—	36
Net foreign currency exchange differences	(23)	65

The foreign exchange gain of $23 million (2018: $65 million loss) 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 in relation to intercompany assets and liabilities, the defined benefit pension scheme net asset and the close out of forward currency sale contracts.

Auditor's remuneration

	2019 $000	2018 $000
Statutory financial statements audit fee	993	1,015
Audit-related assurance services	93	89
	1,086	1,104

Auditor's remuneration of $993,000 (£750,000) (2018: $1,015,000 (£750,000)) was borne by another group company.

6. Employee costs	2019 $m	2018 $m
Salaries and incentives	460	441
Social security costs	46	46
Pension costs:		
- defined benefit scheme (note 20)	14	54
- defined contribution scheme (note 20)	10	10
Gross employee costs	530	551
Amounts borne by fellow subsidiary undertakings	(90)	(75)
Net employee costs	440	476

Number of employees – average for the period	2019 Number	2018 Number
Client service and insurance broking	1,842	1,889
Support services	1,378	1,355
	3,220	3,244

Pension costs for the defined benefit scheme include only those items included within operating expenses. Further details of those items and those recorded in interest receivable and similar income and the statement of comprehensive income are presented in note 20.

A number of the Company's employees are seconded to other subsidiary undertakings within WTW. The employment costs of those employees, including salaries, social security and pension costs, are borne and accounted for by those subsidiary undertakings. The costs borne by those subsidiary undertakings increased from $75 million in 2018 to $90 million in 2019.

The Company recognised total expenses in 2019 of $1 million (2018: $7 million) related to equity-settled share-based payment transactions to employees and $5 million (2018:$1 million) related to cash-settled share-based payments (these are included within salaries and incentives above). Further details are presented in note 25.

7. Directors' remuneration	2019 $000	2018 $000
Emoluments (excluding pension contributions, benefits and long-term incentive awards)	6,007	6,683
Benefits	31	13
Pension contributions	59	200
Amounts receivable under long-term incentive rewards	1,342	4,587
	7,439	11,483
Highest paid Director:		
Emoluments (excluding pension contributions, benefits and long-term incentive awards)	2,230	1,316
Benefits	10	1
Pension contributions	—	30
Amounts receivable under long-term incentive rewards	676	2,892
	2,916	4,239
Exercise of share options during the year	124	2,889

7. Directors' remuneration (continued)

	2019 Number	2018 Number
Directors exercising share options	1	7
Directors receiving shares under long-term incentive plans	2	8
Directors eligible for defined benefit pension schemes	—	1
Directors eligible for defined contribution pension schemes	7	4

The Directors working for the Company are employed by other subsidiary undertakings of Willis Towers Watson plc.

8. Interest receivable and similar income	2019 \$m	2018 \$m
Bank interest receivable	2	2
Interest receivable from group undertakings	11	10
Total interest income for financial assets measured at amortised cost	13	12
Other finance income		
Return on pension scheme assets (note 20)	82	81
Interest on pension scheme liabilities (note 20)	(66)	(68)
	16	13
Total interest receivable and similar income	29	25

9. Tax charge	2019 \$m	2018 \$m
(a) Analysis of charge for the year		
Current tax:		
UK corporation tax	39	26
Adjustments in respect of prior periods	3	(1)
	42	25
Foreign tax	1	—
Total current income tax	43	25
Deferred tax:		
Origination and reversal of timing differences	10	6
Adjustments in respect of prior periods	—	(1)
Foreign exchange on deferred tax	5	(7)
Total deferred tax (note 9(e))	15	(2)
Tax expense in the income statement (note 9(c))	58	23

9. Tax charge (continued)

	2019 $m	2018 $m
(b) Tax relating to items charged or credited to other comprehensive income		
Deferred tax:		
Actuarial (gains)/losses on defined benefit pension scheme	(10)	10
Net gain on revaluation of cash flow hedges	(3)	(1)
Total deferred tax	(13)	9
Tax (expense) / credit in the statement of other comprehensive income	(13)	9

	2019 $m	2018 $m
(c) Reconciliation of the total tax charge		
The tax assessed for the year is lower than(2018: lower than) the standard rate of corporation tax in the UK of 19% (2018:19%). The differences are explained below:		
Profit before taxation	309	161
Tax calculated at UK standard rate of corporation tax of 19% (2018: 19%)	59	31
Effects of:		
Expenses not deductible for tax purposes	—	2
Non-taxable income - overseas branch profits	(1)	—
Share-based payment relief	(1)	(4)
Tax under/(over) provided in previous years	3	(2)
Other adjustments including the effects of exchange rates and differences in aggregated deferred and current tax rates	(2)	(4)
Total tax expense in the income statement (note 9(a))	58	23

(d) 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 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 2019, they have been reflected in these financial statements.

The Finance Bill 2019-21, which was published on 17 March 2020, proposes to cancel the reduction in the rate of UK corporation tax from 19% to 17% from 1 April 2020. The rate of UK corporation tax would therefore remain at 19%. If enacted, this would increase the Company's deferred tax asset/liability by $14 million. As the Finance Bill 2019-21 was not substantively enacted prior to 31 December 2019, this has not been reflected in these financial statements.

9. Tax charge (continued)

(e) Deferred tax	2019 $m	2018 $m
The deferred tax included in the company balance sheet is as follows:		
Deferred tax liability		
Timing difference on pension asset	(124)	(100)
	(124)	(100)
Deferred tax asset		
Timing difference on share-based payments	2	4
Timing difference on general provisions	4	4
Timing difference on fixed assets	(1)	(2)
Derivatives	(1)	2
	4	8
Presented on the balance sheet		
Deferred tax asset (note 14)	4	8
Included in pension asset (note 20)	(124)	(100)
	(120)	(92)

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	2019 $m	2018 $m
Pensions	9	1
Share-based payments	1	3
Accrued expenses not deductible	—	1
Foreign exchange on non-USD assets	5	(7)
Total deferred tax (note 9(a))	15	(2)

10. Dividends paid and proposed	2019 $m	2018 $m
Equity dividends on ordinary shares:		
Interim paid on 14 October 2019 $1.86 (31 July 2018: $1.18)	195	124
	195	124

11. Intangible assets	Acquired customer relationships $m	Software and development costs $m	Goodwill $m	Total intangible assets $m
Cost				
1 January 2019	25	27	186	238
Additions	—	1	—	1
Impairment	—	(1)	—	(1)
Disposals	(5)	—	—	(5)
31 December 2019	20	27	186	233
Amortisation				
1 January 2019	13	8	—	21
Amortisation charge	3	5	—	8
Disposals	(2)	—	—	(2)
31 December 2019	14	13	—	27
Carrying amount 31 December 2019	6	14	186	206
Carrying amount 31 December 2018	12	19	186	217

All intangible fixed assets are considered to have finite lives.

On 30 April 2019, the Company disposed of its employee benefits, broking and consulting business to fellow group company Towers Watson Limited for consideration of £4 million ($4 million) resulting in a acquired customer relationship disposal with carrying amount of $3 million and $1 million disposal of other assets and liabilities resulting in nil gain or loss.

Software and development costs includes internally generated software development costs relating to the development of systems to support our insurance broking activities. At 31 December 2019, the carrying amount was $14 million (2018: $19 million). These intangible assets are being amortised on a straight line basis and have a remaining amortisation period of between 1 and 7 years.

At 31 December 2019, accumulated impairment losses were $7 million (2018: $6 million). A $1 million impairment charge was incurred during 2019 equal to the carrying amount of a software development project cancelled in the year that is not expected to generate future economic benefit.

As described in note 1, the Company allocates goodwill acquired in a business combination and intangible assets in respect of acquired customer relationships to cash generating units (or groups of cash generating units) that are expected to benefit from the combination. The carrying values are attributed to cash generating units as follows:

Cash generating unit	Acquired customer relationships $m	Goodwill $m
Corporate Risk and Broking	1	159
Investment, Risk and Reinsurance	5	27
Carrying amount December 31, 2019	6	186
Corporate Risk and Broking	2	159
Investment, Risk and Reinsurance	7	27
Human Capital and Benefits	3	—
Carrying amount December 31, 2018	12	186

12. Tangible fixed assets	Equipment $m	Right-of-use asset $m	Freehold land and buildings $m	Total tangible fixed assets $m
Cost or valuation				
1 January 2019	—	—	43	43
Additions	1	2	2	5
31 December 2019	1	2	45	48
Depreciation				
1 January 2019	—	—	16	16
Charge for the year	—	—	2	2
31 December 2019	—	—	18	18
Carrying amount 31 December 2019	1	2	27	30
Carrying amount 31 December 2018	—	—	27	27

13. Investments held as fixed assets	Subsidiary undertakings $m
Cost or fair value	
1 January 2019	5
31 December 2019	5

In the opinion of the Directors, the fair value of the shares in the subsidiary undertakings is not less than the amount shown in the balance sheet.

The Company's investment in subsidiary undertakings represents the recoverable amount of its holding in PPH Limited, a holding company owned directly by Willis Limited. Willis Limited holds 100% share capital in PPH Limited which is made up of ordinary class of shares of £1 each. The registered office of PPH Limited is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM10, Bermuda.

14. Debtors	2019 $m	2018 $m
Amounts falling due within one year:		
Trade debtors	384	253
Amounts owed by group undertakings	366	440
Other debtors	4	2
Prepayments and accrued income	74	60
Deferred contract costs	27	24
Retention awards	7	4
VAT receivable	—	2
Derivative financial instruments	8	2
Deferred tax asset (note 9)	3	7
	873	794
Amounts falling due after more than one year:		
Trade debtors	28	18
Prepayments and accrued income	2	2
Retention awards	2	3
Deferred tax asset (note 9)	1	1
Total	33	24
	906	818

15. Creditors: amounts falling due within one year	2019 $m	2018 $m
Trade creditors	75	39
Amounts owed to group undertakings	209	197
Amounts owed to group undertakings in respect of corporation taxation group relief	38	34
Other creditors	12	9
Income tax and social security	5	—
VAT payable	2	—
Derivative financial instruments	2	13
Accruals and deferred income	138	147
	481	439

16. Fiduciary liabilities: amounts falling due within one year	2019 $m	2018 $m
Fiduciary trade creditors	1,324	1,128
	1,324	1,128

17. Creditors: amounts falling due after more than one year	2019 $m	2018 $m
Accruals and deferred income	7	2
	7	2

18. Provisions for liabilities	Post placement services $m	Claims and lawsuits $m	Total $m
1 January 2019			
Current	7	3	10
Non-current	11	18	29
	18	21	39
Charged to profit and loss account net	3	3	6
Provision release	—	(1)	(1)
Utilised in the year	—	(3)	(3)
31 December 2019	21	20	41
Analysed as:			
Current	12	2	14
Non-current	9	18	27
	21	20	41

Post placement services provision:

The provision comprises an estimate of the future liabilities that arise from the placement of policies in this year and from previous years. The provision is based upon three key assumptions:

- the length of time the Company typically to provide post placement services;
- the number of claims we are likely to process in that time; and
- the average cost per claim.

The Company seeks to limit its exposure to such liabilities through the use of appropriately worded 'Terms of Business Agreements' with clients.

Claims and lawsuits provision (including errors and omissions provisions):

The provision comprises estimates for liabilities that may arise from actual and potential claims and lawsuits for errors and omissions from the Company's insurers. Where some of the potential liability is recoverable under insurance arrangements, the full assessment of the liability is included in the provision with the associated insurance recovery shown within amounts receivable from group undertakings. Insurance recoveries recognised at 31 December 2019 amounted to $3 million (31 December 2018: $2 million).

19. Called up share capital	2019 $m	2018 $m
Allotted, called up and fully paid		
105,000,000 (2018: 105,000,000) ordinary shares of $1 each	153	153

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

20. Pensions

Defined Benefit Scheme

The Company operates a defined benefit pension scheme in the UK on behalf of its employees and employees working for or seconded to other subsidiary companies of Willis Towers Watson plc. This scheme was closed to new entrants in January 2006. A full actuarial valuation was carried out at 31 December 2019 by a qualified independent actuary. The major assumptions used for the actuarial valuation were:

	2019	2018	2017
	%	%	%
Rate of increase in pensions in payment (LPI 5%)	2.9	3.0	3.1
Rate of increase in pensions in payment (LPI 2.5%)(i)	1.6	1.7	1.7
Discount rate PBO	2.0	2.8	2.6
Discount rate service cost	2.1	2.9	2.7
Discount rate interest cost on PBO	1.8	2.6	2.3
Discount rate interest rate on service cost	1.9	2.8	2.5
Inflation assumption (RPI)	3.0	3.2	3.2
Inflation assumption (CPI)	2.1	2.2	2.2
Mortality (ii)	86%/86% S2NA for males/ females, CM1% long-term improvement	86%/86% S2NA for males/ females, CM1% long-term improvement	86%/86% S1NA for males/ females, CM1% long-term improvement

(i) Based on CPI inflation.

(ii) S2NA and S1NA represent mortality tables; CMI represents assumed improvement in mortality.

Analysis of the amount charged to operating profit	2019	2018
	$m	$m
Current service cost	12	16
Administrative expense	2	2
Past service cost	—	36
Total operating charge	14	54

During 2018, the UK High Court ruled that guaranteed minimum pension benefits must be equalised between men and women, resulting in an increase to the benefit obligation for most UK defined benefit pension schemes. For the scheme operated by the Company, this resulted in a $36 million charge before taxation in respect of past service cost and an increase to the value of the scheme obligation.

20. Pensions (continued)

Defined Benefit Scheme (continued)

Analysis of the amount credited to interest receivable and similar income:	2019	2018
	$m	$m
Interest income on pension scheme assets	(82)	(81)
Interest cost on pension scheme liabilities	66	68
Net interest on the net defined benefit pension scheme asset	(16)	(13)

Analysis of the amount recognised in other comprehensive income (before deferred tax):	2019	2018
	$m	$m
Return on pension scheme assets (excluding interest income)	394	(145)
Actuarial experience losses and gains arising on the scheme liabilities	(4)	(35)
Changes in actuarial demographic assumptions underlying the present value of the scheme liabilities	54	13
Changes in actuarial financial assumptions underlying the present value of the scheme liabilities	(389)	109
	55	(58)

Analysis of amounts included in the balance sheet:	2019	2018
	$m	$m
Fair value of scheme assets	3,752	3,212
Present value of scheme liabilities	(3,024)	(2,623)
Surplus	728	589
Related deferred tax liability (note 9(e))	(124)	(100)
Net pension asset	604	489

Movements in fair value of scheme assets during the year:	2019	2018
	$m	$m
At 1 January	3,212	3,643
Interest income on assets	82	81
Contributions from the Company	55	56
Contributions from the scheme members	—	1
Benefits paid	(119)	(73)
Settlements and curtailments	—	(133)
Administration expenses	(2)	(2)
Return on assets excluding amounts included in net interest	394	(145)
Exchange adjustments	130	(216)
At 31 December	3,752	3,212

20. Pensions (continued)

Defined Benefit Scheme (continued)

Movements in present value of scheme liabilities during the year:	2019	2018
	$m	$m
At 1 January	2,623	2,969
Current service cost	12	18
Interest cost	66	68
Contributions from the scheme members	—	1
Past service cost	—	36
Benefits paid	(119)	(73)
Settlements and curtailments	—	(133)
Actuarial loss/(gain)	339	(87)
Exchange adjustments	103	(176)
At 31 December	3,024	2,623

Analysis of scheme assets and expected return:	Fair value of assets	
	2019	2018
	$m	$m
Equity instruments	—	267
Debt instruments	2,167	1,461
Other	1,585	1,484
	3,752	3,212

The actual return on scheme assets for the year ended 31 December 2019 was a gain of $476 million (2018: loss of $64 million).

Fair value hierarchy

The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value:

- Level 1: refers to fair values determined based on quoted market prices in active markets for identical assets;
- Level 2: refers to fair value estimated using observable market based inputs or unobservable inputs that are corroborated by market data; and
- Level 3: includes fair values estimated using unobservable inputs that are not corroborated by market data.

The following table presents, at 31 December 2019, for each of the fair value hierarchy levels, the Company's UK pension plan assets that are measured at fair value on a recurring basis:

	Fair value of plan assets as at 31 December 2019			
	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
Fixed income securities:				
UK Government bonds	1,873	—	—	1,873
UK corporate bonds	728	—	—	728
Derivatives	—	(434)	—	(434)
Real estate	—	—	161	161
Cash and cash equivalents	183	—	—	183
Other investments:				
Hedge funds	—	702	513	1,215
Other	—	26	—	26
	2,784	294	674	3,752

20. Pensions (continued)

Defined Benefit Scheme (continued)

On 30 March 2018, the Company agreed a revised schedule of contributions towards on-going accrual of benefits and deficit funding contributions which the Company is making to the UK Plan to the end of 2024 commencing 1 April 2018. Based on this agreement, deficit funding contributions in 2020 will total approximately £25 million ($33 million) and ongoing contributions (excluding salary sacrifice) will total approximately £14 million ($19 million).

The previously agreed contribution levels applied throughout 2017 and cover the period to 31 March 2018. The contributions paid by the Company for 2019 (excluding salary sacrifice contributions) amounted to £39 million ($52 million), comprising £14 million ($19 million) regular contributions and £25 million ($33 million) towards funding the deficit. The contributions paid by the Company for 2018 (excluding salary sacrifice contributions) amounted to £38 million ($49 million), comprising £14 million ($18 million) regular contributions and £24 million ($31 million) towards funding the deficit.

With all other assumptions held constant, as at 31 December 2019:

- a 0.25% increase in the discount rate would decrease plan liabilities by approximately £99 million ($131 million);
- a 0.25% increase in the inflation assumption would increase plan liabilities by approximately £40 million ($53 million); and
- a 1 year increase in the mortality assumption would increase plan liabilities by approximately £46 million ($60 million).

As the above sensitivity analysis held all other assumptions constant, the results are not necessarily indicative of those that would occur given the interdependence of assumptions in practice.

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 £8 million ($10 million) (2018: £8 million ($10 million)).

21. Forward sale of currency

The Company earns revenue in a number of different currencies, principally US dollars, pounds sterling, Euro and Japanese Yen, but incurs expenses almost entirely in pounds sterling.

The Company hedges the risk as follows:

- To the extent that forecast pound sterling expenses exceed pound sterling revenues, WTW limits its exposure to this exchange rate risk by the use of forward contracts matched by specific, clearly identified cash outflows arising in the ordinary course of business; and
- The UK operations of WTW also earn significant revenues in Euros and Japanese Yen. The exposure to changes in the exchange rate between the US dollar and these currencies is limited by the use of forward contracts matched to a percentage of forecast cash inflows in specific currencies and periods.

The Company participates in WTW's risk management activities in relation to foreign exchange risk. Derivative fair values are estimated using observable market-based inputs or unobservable inputs that are corroborated by market data. Forward contracts for the purchase/sale of foreign currencies are entered into by another subsidiary undertaking. The Company then enters into back-to-back contracts with that subsidiary undertaking. At 31 December 2019 the Company has entered into back-to-back forward contracts for the purchase/sale of foreign currencies in accordance with this policy. The fair value of the forward contract assets were $8 million and of the liabilities was $2 million (2018: $2 million and $13 million respectively).

21. Forward sale of currency (continued)

These forward contracts are summarised below:

Contracts maturing:	Purchase GBP Million/Rate to USD		Sale EUR Million/Rate to USD		Sale JPY Million/Rate to USD	
1 January 2020 to 31 December 2020	129.5m/	1.314	63.0m/	1.144	1,745.0m/	106.486
1 January 2021 to 31 December 2021	61.5m/	1.298	25.8m/	1.155	740.0m/	104.330

22. Contingent liabilities

Claims, lawsuits and other proceedings

Stanford Financial Group

As of 1 April 2011 Willis Limited was joined in its parent company's, Willis Towers Watson plc, ongoing litigation in the Federal Court in Texas with Stanford Financial Group ('the Action'). On 31 March 2016, Willis Towers Watson plc and a number of its subsidiaries including the Company (together 'Willis Towers Watson') entered into a settlement in principle to eliminate the distraction, burden, expense and uncertainty of further litigation. The settlement terms provided that the parties understood and agreed that there is no admission of liability or wrongdoing by Willis Towers Watson. Willis Towers Watson expressly denies any liability or wrongdoing with respect to the matters alleged in the Stanford litigation. The parties have agreed in principle to settle and dismiss the Action for a one-time cash payment, for which the Company will not incur any costs nor make any payments. The settlement also includes the parties' agreement to seek the Court's entry of bar orders prohibiting any continued or future litigation against Willis Towers Watson relating to Stanford, whether asserted to date or not. Final Court approval of these bar orders is a condition of the settlement.

On 7 September 2016, the plaintiffs in the Action filed with the Court a motion to approve the settlement. On 19 October 2016, the Court preliminarily approved the settlement. Several of the plaintiffs in related actions objected to the settlement and a hearing to consider final approval of the settlement was held on 20 January 2017, after which the Court reserved decision. On 23 August 2017, the Court approved the settlement, including the bar orders. Several of the objectors appealed the settlement approval and bar orders to the Fifth Circuit. Oral argument on the appeals was heard on December 3, 2018, and, on July 22, 2019, the Fifth Circuit affirmed the approval of the settlement, including the bar orders. On August 5, 2019, certain of the plaintiff-appellants filed a petition for rehearing by the Fifth Circuit en banc (the 'Petition'). On August 19, 2019, the Fifth Circuit requested a response to the Petition. On August 29, 2019, the Receiver filed a response to the Petition. On December 19, 2019, the Fifth Circuit granted the Petition (treating it as a petition for panel rehearing), withdrew its July 22, 2019 opinion, and substituted a new opinion that also affirmed the approval of the settlement, including the bar orders. On January 2, 2020, certain of the plaintiff-appellants filed another petition for rehearing by the Fifth Circuit en banc (the 'Second Petition'), in which the other plaintiff-appellants joined. On January 21, 2020, the Fifth Circuit denied the Second Petition. Willis Towers Watson will not make the settlement payment until the settlement is not subject to any further appeal.

There is no indication that these actions will give rise to any future losses or payment by the Company and as a result no provision has been made.

22. Contingent liabilities (continued)

European Commission and FCA Regulatory Investigations

On 4 April 2017, the FCA informed the Company that it had opened a formal investigation into possible agreements/concerted practices in the aviation broking sector.

In October 2017, the European Commission ('Commission') disclosed to WTW that it has initiated civil investigation proceedings in respect of a suspected infringement of EU competition rules involving several broking firms, including the Company and one of its parent entities. In particular, the Commission has stated that the civil proceedings concern the exchange of commercially sensitive information between competitors in relation to aviation and aerospace insurance and reinsurance broking products and services in the European Economic Area, as well as possible coordination between competitors. The initiation of proceedings does not mean there has been a finding of infringement, merely that the Commission will investigate the case. We are providing information to the Commission as requested.

When the Commission initiated these proceedings, the FCA closed its related competition investigation, but still retained jurisdiction over broking regulatory matters arising from this conduct. In early 2018, the FCA advised that it will not be taking enforcement action against Willis Limited in connection with any such broking regulatory matters.

In May 2018, the Korea Fair Trade Commission ('KFTC') disclosed to us that it is investigating alleged cartels in the insurance broking industry. The KFTC has since requested information related to, among other topics, the aviation and aerospace insurance brokerage market and exchanges of information between brokers about insurance policies. In January 2020, the KFTC advised us that it has decided to conclude the examination procedure for the case (subject to being re-opened if additional evidence is identified later).

In January 2019, the Brazil Conselho Administrativo de Defesa Economica ('CADE') launched an administrative proceeding to investigate alleged sharing of competitive and commercially sensitive information in the insurance and reinsurance brokerage industry for aviation and aerospace and related ancillary services. The CADE identified 11 entities under investigation, including Willis Group Limited, one of our parent companies.

Given the status of these investigations, the Company is currently unable to assess the terms on which they will be resolved, or any other regulatory matter or civil claims emanating from the conduct being investigated, will be resolved, and thus is unable to provide an estimate of the reasonably possible loss or range of loss.

London Wholesale Insurance Broker Market Study

In November 2017, the FCA published its Terms of Reference for its Market Study into insurance broking activities in the London Wholesale Market including market power, conflicts of interest and broker conduct. This was an industry-wide inquiry and not particular to the Company. The FCA used its powers under the UK Financial Services and Markets Act 2000 to collate information and originally aimed to issue an interim report in or about the first quarter of 2019. The Study had been expected to take two years to conclude. Two of the Company's subsidiaries responded to extensive data requests which had phased response times through May 2018. It was possible that outcomes of the Study could include new rules, changes to market practices, referral to the U.K. Competition & Markets Authority for a market investigation, and/or individual firm investigations on specific issues. On 20 February 2019 the FCA published its report in final form and closed its study, finding amongst other things that it had "not found evidence of significant levels of harm to competition that require intrusive remedies", though referring to a need on the part of firms to continue efforts to address issues including remuneration transparency and conflicts of interest.

23. Directors' interests in contracts

The Company and other insurance broking subsidiary undertakings of Willis Towers Watson plc place risks with syndicates in which the Directors or connected persons (as defined in Section 252 of the Companies Act 2006) participate in the normal course of their broking activities on the same basis as they do with other Lloyd's syndicates.

24. Related party transactions

During the year the Company transacted in the ordinary course of business brokerage with associated undertakings listed below. Amounts owed by and to associated undertakings are disclosed in notes 14 and 15. These amounts all relate to trading.

	2019 $m	2018 $m
Willis Towers Watson India Insurance Brokers Private Limited	3	2
Al-Futtaim Willis LLC	1	2
Willis Saudi Arabia Company LLC	1	2
	5	6

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.

25. Share-based payments

Share-based Plans

On 31 December 2019, Willis Towers Watson plc, the ultimate parent company of Willis Limited, had a number of open share-based compensation plans, which provide for the grant of time-based and performance-based options, time-based and performance-based restricted stock units and various other share-based grants to employees of Willis Limited. The objectives of these plans include attracting and retaining the best personnel, motivating management personnel by means of growth-related incentives to achieve long-range goals and providing employees with the opportunity to increase their share ownership in Willis Limited. All of WTW's share-based compensation plans under which any options, restricted stock units or other share-based grants are outstanding as of 31 December 2019 are described below.

The Company recognised total expenses in 2019 of $1 million (2018: $7 million) related to equity-settled share-based payment transactions to employees.

Phantom RSUs

Willis Towers Watson plc, the ultimate parent company of Willis Limited, granted 204,269 and 268,956 units of phantom stock with a market-performance feature during the years ended 31 December 2019 and 2018, respectively. These are cash-settled awards with final payout based on the performance of the Group's stock. The grant date fair value of the awards was $105.97 and $83.57 per share for the 2019 and 2018 awards, respectively. The fair value of each phantom RSU is estimated using a Monte Carlo simulation. The Group's stock price as of the last day of the period is one of the inputs used in the simulation. Expected volatility is based on the historical volatility of the Company's shares. The expected term of each plan is three years, based on the vesting terms of the awards. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.

Since the awards are cash-settled, they are considered a liability. Expense is recognised over the service period. The liability is remeasured at the end of each reporting period and changes in fair value are recognised within Operating expenses. For both plans, as of 31 December 2019, the liability recognised is $7 million (2018: $1 million). The Company recognised total expenses in 2019 of $5 million (2018: $1 million) related to cash-settled share-based payment transactions to employees.

25. Share-based payments (continued)

2012 Equity Incentive Plan

This plan, which was established on 25 April 2012, provides for the granting of incentive stock options, time-based or performance-based non statutory stock options, share appreciation rights, restricted shares, time-based or performance-based restricted share units, performance-based awards and other share-based grants or any combination thereof (collectively referred to as 'Awards') to employees, officers, non-employee directors and consultants ('Eligible Individuals') of WTW. The Board of Directors of Willis Towers Watson plc also adopted a sub-plan under the 2012 plan to provide an employee sharesave scheme in the UK.

There were approximately 8 million shares available for grant under this plan as of 31 December 2019. Options are exercisable on a variety of dates, including from the second, third, fourth or fifth anniversary of the grant date. Unless terminated sooner by the Board of Directors of Willis Towers Watson plc, the 2012 Plan will expire 10 years after the date of its adoption. That termination will not affect the validity of any grants outstanding at that date.

Option Valuation Assumptions

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of Willis Towers Watson plc' shares. WTW uses the simplified method set out in the Financial Accounting Standards Board's ('FASB') Accounting Standard Codification ('ASC') 718-*Compensation - Stock Compensation* to derive the expected term of options granted as it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The risk-free interest rate for periods within the expected life of the option is based on the US Treasury yield curve in effect at the time of grant.

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2019 was $175.10.

The fair value of each time-based restricted stock unit is based on the grant date fair value. The fair value of each performance-based restricted stock unit is estimated on the grant date using a Monte-Carlo simulation that uses the following assumptions: Expected volatility is based on the historical volatility of WTW's shares. The risk-free rate is based on the US Treasury yield curve in effect at the time of the grant.

Details of the range of exercise prices and the weighted average contractual life of share options outstanding at 31 December 2019 are as follows:

	Options outstanding (thousands)	Weighted average remaining contractual life
Range of exercise prices [1]		
$72.11 - $80.57	5	0.25 years
$80.58 - $92.84	35	0.99 years
$92.85 - $106.06	17	1.25 years
$106.07 - $116.68	16	2.25 years
$116.69 - $147.26	67	1.96 years
		1.61 years

[1] Certain options are exercisable in pounds sterling and are converted to dollars using the exchange rate at 31 December 2019.

26. Events after the balance sheet date

On 9 March 2020, Willis Towers Watson plc 'WTW' and AON plc 'Aon' issued an announcement disclosing that the board of directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. Under the terms of the agreement each WTW shareholder will receive 1.08 Aon ordinary shares for each WTW ordinary share. Upon completion of the combination, existing Aon shareholders will own approximately 63% and existing WTW shareholders will own approximately 37% of the combined company on a fully diluted basis.

The transaction is subject to the approval of the shareholders of both WTW and Aon, as well as other customary closing conditions, including required regulatory approvals. The parties expect the transaction to close in the first half of 2021, subject to satisfaction of these conditions.

The Directors have considered the impact of COVID-19 on the Company, which is a non-adjusting post balance sheet event. Assets and liabilities have been measured based on events and conditions at the balance sheet date. It is not practical to provide further quantitative disclosure of the impact of COVID-19 on assets and liabilities.