

**WILLIS LIMITED**  
(formerly Willis Faber & Dumas Limited)  
(Registered No. 181116)

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2000**

**DIRECTORS**

MA Hedley - Chairman  
RJS Bucknall - Chief Executive  
GM Bessis  
R Chiverrell  
CN Clark  
MDT Faber  
RH Gayner  
AB Hedgecock  
CM London  
GJ Millwater  
JM Pelly

**SECRETARY**

MP Chitty

**REGISTERED OFFICE**

Ten Trinity Square  
London EC3P 3AX

**AUDITORS**

Deloitte & Touche  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR



**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000**

The directors present their report, together with the accounts, for the year ended 31 December 2000.

**PRINCIPAL ACTIVITIES AND PERFORMANCE REVIEW**

The Company is a Lloyd's broker engaged in international insurance and reinsurance broking.

The markets in which the Company trades were challenging throughout 2000, although an improvement in ratings in certain of these markets was starting to develop. The Company's leadership position in many of its activities, particularly in the handling of multinational and large national accounts, enabled it to meet the challenges with positive effect. The Company's operating revenue increased by 20% to \$361,418,000, despite the movements in exchange rates, particularly between the US dollar and sterling, having an adverse impact largely from the realisation in sterling of revenues received in the United Kingdom denominated in other currencies.

On 1 December 2000, the Company acquired the business of its Lloyd's broking associate, Willis UK Limited, following which the Company is now the principal insurance and reinsurance broking company of the Willis Group in the United Kingdom.

**RESULTS AND DIVIDENDS**

The profit on ordinary activities after taxation amounted to \$63,068,000.

Interim dividends of \$7,840,962 and \$34,300,000 were paid on 26 June 2000 and 24 November 2000 respectively. The directors do not recommend the payment of a final dividend.

**CHANGE OF NAME**

The Company changed its name to Willis Limited on 1 February 2000.

**EMPLOYMENT POLICIES**

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

Communication with employees concerning the objectives and performance of the Company is conducted through personal briefings and regular meetings, complemented by employee publications and video presentations. An annual employee attitude survey is undertaken to seek feedback from staff on a variety of business, management and human resources issues. These communication tools provide employees with the opportunity to contribute to the everyday running of the business and to support the achievement of the Company's vision and business strategy.

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

**DIRECTORS**

The present directors of the Company are named on page 1 which forms part of this report. R G W Dixon resigned as a director of the Company on 13 June 2001.

The directors who held office on 31 December 2000 and whose interests are not reported in the accounts of a parent company had the following interests in the management ordinary shares of TA I Limited, the ultimate parent company, as recorded in the register kept for the purpose.

Director	Management ordinary shares of 10p each		Options over management ordinary shares of 10p each			
	1.1.2000	31.12.2000	1.1.2000	Granted	Exercised	31.12.00
GM Bessis	30,000	60,000	230,000	-	30,000	200,000
R Chiverrell	50,000	50,000	230,000	-	-	230,000
CN Clark	50,000	80,000	230,000	-	30,000	200,000
MDT Faber	80,000	80,000	138,000	-	-	138,000
RH Gayner	30,000	58,092	138,000	-	28,092	109,908
AB Hedgecock	50,000	86,512	230,000	-	36,512	193,488
MA Hedley	100,000	100,000	230,000	-	-	230,000
CM London	50,000	50,000	230,000	-	-	230,000
GJ Millwater	10,000	10,000	230,000	-	-	230,000

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)****STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS**

The directors are required to report on their responsibilities in relation to the preparation of accounts for each financial year and the following statement should be read in conjunction with the auditors' statement of their responsibilities set out on page 4.

The Companies Act 1985 (as amended) requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

In preparing the accounts on pages 5 to 14 the directors consider that :

- (a) they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates;
- (b) all accounting standards, which they consider to be applicable, have been followed;
- (c) it is appropriate to prepare the accounts on the going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985 (as amended).

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

**AUDITORS**

An Elective Resolution dispensing with the requirement to reappoint auditors annually was approved by shareholders at the Annual General Meeting in April 1991.

Deloitte & Touche are willing to continue in office and the directors have agreed to their so continuing.

By Order of the Board



MP Chitty  
Secretary

2 July 2001

Ten Trinity Square  
London EC3P 3AX

**AUDITORS' REPORT TO THE MEMBERS OF WILLIS LIMITED**

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3, the Company's directors are responsible for the preparation of the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

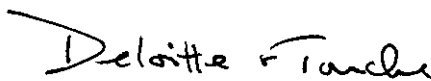
**Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors

Stonecutter Court  
1, Stonecutter Street  
London EC4A 4TR

2 July 2001

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000**

	Note	2000 \$000	2000 \$000	1999 \$000
Turnover				
Continuing operations		301,446		
Acquisitions		21,162		
	3	<u>322,608</u>	322,608	268,687
Interest and investment income				
Continuing operations		38,536		
Acquisitions		274		
	4	<u>38,810</u>	38,810	33,578
<b>OPERATING REVENUE</b>			<u>361,418</u>	<u>302,265</u>
Operating expenses			274,063	295,570
<b>OPERATING PROFIT</b>				
Continuing operations		74,294		
Acquisitions		13,061		
	5	<u>87,355</u>	87,355	6,695
Income for shares on subsidiary undertakings			2,990	2,571
Interest payable	6		97	90
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			<u>90,248</u>	<u>9,176</u>
Tax on profit on ordinary activities	9		27,180	3,974
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			<u>63,068</u>	<u>5,202</u>
Dividends paid	10		42,141	10,422
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	21		<u>20,927</u>	<u>(5,220)</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000 \$000	1999 \$000
Profit for the financial period	63,068	5,202
Currency translation movements	(2,439)	(585)
<b>Total recognised gains and losses for the financial year</b>	<u>60,629</u>	<u>4,617</u>

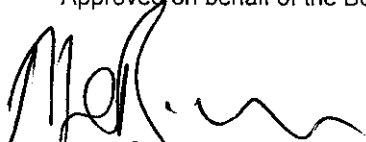
**WILLIS LIMITED**

(formerly Willis Faber &amp; Dumas Limited)

**6****BALANCE SHEET AS AT 31 DECEMBER 2000**

	Note	2000 \$000	1999 \$000
<b>FIXED ASSETS</b>			
Intangible assets	11	136,941	-
Investments	12	1,956	1,795
		<u>138,897</u>	<u>1,795</u>
<b>CURRENT ASSETS</b>			
Debtors	15	2,749,573	2,287,353
Investments	16	324,889	215,754
Cash at bank and in hand		332,490	334,972
		<u>3,406,952</u>	<u>2,838,079</u>
<b>CURRENT LIABILITIES</b>			
CREDITORS : amounts falling due within one year	17	3,353,629	2,809,564
<b>NET CURRENT ASSETS</b>		<u>53,323</u>	<u>28,515</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		192,220	30,310
CREDITORS : amounts falling due after more than one year	18	3,596	9,417
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	19	12,644	6,641
		<u>175,980</u>	<u>14,252</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	152,557	9,317
Profit and loss account	21	23,423	4,935
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>175,980</u>	<u>14,252</u>

Approved on behalf of the Board on 2 July 2001.


R J S Bucknall  
Director

**MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000 \$000	1999 \$000
Profit for the financial period	63,068	5,202
Currency translation movements	(2,439)	(585)
Total recognised gains and (losses) for the financial period	60,629	4,617
Dividends paid	(42,141)	(10,422)
New ordinary shares issued	143,240	-
Net movement in shareholders' funds for the period	161,728	(5,805)
Shareholders' funds at 1 January	14,252	20,057
Shareholders' funds at 31 December	175,980	14,252

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000**
**1. ULTIMATE PARENT COMPANY**

The Company is a wholly-owned subsidiary of Willis Faber Limited. The ultimate parent company is TAI Limited and the ultimate controlling party is KKR 1996 Overseas, Limited.

The largest group in which the results of the Company are consolidated is that headed by TAI Limited, with the smallest group being headed by Willis Group Limited. The consolidated accounts for these groups are available to members of the public from the Company Secretary, Ten Trinity Square, London EC3P 3AX.

**2. ACCOUNTING POLICIES**
**(a) Basis of preparation**

These accounts have been prepared on the going concern basis under the historical cost convention and comply with accounting standards applicable in the United Kingdom.

**(b) Revenue recognition**

The Company takes credit for brokerage income (or fees negotiated instead of brokerage) at the date when the insured is debited or at the inception date of the policy, whichever is the later. Brokerage on return and additional premiums and adjustments is brought into account as and when these occur. Fees and other commissions are accounted for on a receivable basis.

**(c) Currency translation**

Transactions in currencies are recorded at the rate of exchange at the date of transaction, or, in the case of forward contracts in respect of the current year's income, at the contracted rate. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account with the exception of currency translation differences arising on the translation of opening net assets and exchange differences on dividends paid, which are taken to the statement of Total Recognised Gains and Losses.

**(d) Goodwill**

Goodwill is capitalised and amortised on a systematic basis over its useful economic life, determined on the individual circumstances of each business acquired but limited to a maximum period of 20 years.

**(e) Insurance broking debtors and creditors**

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding the legal relationships with clients and insurers, insurance brokers are entitled to retain investment income on any cashflows arising from insurance broking transactions and consequently, debtors and creditors arising from such transactions are shown as assets and liabilities.

Debit and credit balances arising from insurance broking transactions are reported as separate assets or liabilities unless such balances are due to or from the same party and the offset would survive the insolvency of that party, in which case they are aggregated into a single net balance.

**(f) Pensions**

The regular cost of providing benefits is charged to operating profit over the employees' service lives on the basis of a constant percentage of pensionable earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated to operating profit on a systematic basis over the expected remaining service lives of current employees.

**(g) Cashflow Statement**

Under FRS1 the Company is exempt from the requirement to prepare a cashflow statement on the grounds that it is prepared at Group level.

**3. TURNOVER**

The table below analyses the Company's turnover by the accounting address of the client from whom the business is derived. This does not necessarily reflect the original source or location of the business.

	2000 \$000	1999 \$000
United Kingdom	109,746	86,234
North America	65,445	57,051
Rest of the World	147,417	125,402
	<u>322,608</u>	<u>268,687</u>



**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)**

4.	INTEREST AND INVESTMENT INCOME	2000 \$000	1999 \$000
	Interest receivable	17,165	17,637
	Interest receivable from group undertakings	4,480	2,393
	Investment income	17,165	13,548
		<u>38,810</u>	<u>33,578</u>
5.	OPERATING PROFIT	2000 \$000	1999 \$000
	Operating profit was arrived at after charging:		
	Auditors remuneration – Audit fees	152	162
	Amortisation of goodwill	573	-
6.	INTEREST PAYABLE	2000 \$000	1999 \$000
	Bank loans, overdrafts and other loans repayable within five years	97	90
7.	EMPLOYEES	2000 \$000	1999 \$000
	Employee costs net of amounts reimbursed by fellow subsidiary undertakings during the year consisted of :		
	Salaries	110,213	100,308
	Social security costs	9,946	9,032
	Other pension costs	8,530	8,225
		<u>128,689</u>	<u>117,565</u>

1999 employee costs have been restated from \$123,507,000 to \$117,565,000. This is to eliminate redundancy payments previously included as employee costs.

	2000 Number	1999 Number
Number of employees - average for the period	1,576	1,462

A number of the Company's employees are seconded to other subsidiary undertakings within the Willis Group. The employment costs of those employees, including salaries, social security and pension costs, are borne and accounted for by those subsidiary undertakings.

8.	DIRECTORS' EMOLUMENTS	2000 \$000	1999 \$000
	Remuneration, excluding pension contributions	3,997	5,724
	Benefits	130	157
		<u>4,127</u>	<u>5,881</u>
	Highest paid director :		
	Emoluments (excluding pension contributions and long term incentive award)	716	808
	Accrued annual pension	127	127
		2000 Number	1999 Number
	Directors exercising share options	4	-
	Directors receiving shares under Long Term Incentive Plans	-	-
	Directors eligible for defined benefit pension schemes	9	13

No pension benefits outside a funded pension scheme (see note 22) were paid to former directors during the year.

No compensation for loss of office in respect of former directors was paid by the Company during the year (1999 : \$365,780).

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)**

9.	TAX ON PROFIT ON ORDINARY ACTIVITIES	2000 \$000	1999 \$000
	UK corporation tax :		
	Current tax on income for the period @ 30% (1999 : 30.25%)	27,178	3,928
	Adjustments in respect of prior periods	-	-
		<u>27,178</u>	<u>3,928</u>
	Foreign tax:		
	Current tax on income for the period	2	46
		<u>27,180</u>	<u>3,974</u>
10.	DIVIDENDS	2000 \$000	1999 \$000
	First interim	7,841	-
	Second interim	34,300	10,422
		<u>42,141</u>	<u>10,422</u>
11.	INTANGIBLE ASSETS - Goodwill	\$000	
	Cost:		
	1 January 2000	-	
	Arising from acquisitions	137,514	
	31 December 2000	<u>137,514</u>	
	Amortisation :		
	1 January 2000	-	
	Provided in the year	573	
	31 December 2000	<u>573</u>	
	Net book value 31 December 2000	<u>136,941</u>	
	31 December 1999	-	

On 1 December 2000 the Company acquired the business and trade of a fellow subsidiary undertaking, Willis UK Limited, for a cash consideration of US\$143,240,000. The assets and liabilities acquired were:

	Book Value and Fair Value \$000
Debtors	104,746
Cash	98,162
Creditors due within one year	<u>(197,182)</u>
Net Assets	<u>5,726</u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)**
**12. INVESTMENTS HELD AS FIXED ASSETS**

		Subsidiary undertakings Shares \$000	Other investments \$000	Total \$000
Cost :				
1 January 2000		1,790	5	1,795
Additions	(a)	168	1	169
31 December 2000		1,958	6	1,964
Provisions :				
1 January 2000		-	-	-
Provided in the year	(b)	(8)	-	(8)
31 December 2000		(8)	-	(8)
Net book value :				
31 December 2000		1,950	6	1,956
31 December 1999		1,790	5	1,795

- (a) Additions :  
During the year the Company purchased 100% of W.I.R.E. Limited.
- (b) Provisions :  
During the year Willis Faber (Aegean) Limited was placed into voluntary liquidation.

**13. SHARES IN SUBSIDIARY UNDERTAKINGS**

The principal subsidiary undertakings at 31 December 2000 were :

	Class of Share	Percentage of share capital held
<b>INSURANCE BROKING</b>		
Hughes-Gibb and Company Limited	Ordinary of £1 each	100%
Special Contingency Risks Limited	Ordinary of £1 each	100%
Bloodstock & General Insurance Services Limited	Ordinary of £1 each	100%
Claims and Recovery Services Limited	Ordinary of £1 each	100%
Willis CIS LLC (Incorporated in Russia)	Common shares of 10,000 roubles each	100%
Willis Faber Corretaje de Reaseguros S.A. (incorporated in Venezuela)	Common shares of Bs 1,000 each	100%
Willis Faber (Aegean) Limited	Ordinary of £1 each	100%
<b>E-COMMERCE</b>		
W.I.R.E. Limited	Ordinary 'A' shares of £1 each	100%
	Ordinary 'B' shares of 10p each	100%

All subsidiary undertakings were incorporated in Great Britain except where stated. The Company is exempt from the obligation to prepare Group accounts in accordance with Section 228 of the Companies Act 1985 (as amended) as the Company is a wholly-owned subsidiary of Willis Group Limited, in whose accounts it is consolidated. These accounts relate to the Company only and not to its Group.

In the opinion of the directors, the value of the shares in the subsidiary undertaking is not less than the amount shown in the Balance Sheet.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)**

14.	OTHER INVESTMENTS	2000 \$000	1999 \$000
	Unlisted investments	<u>6</u>	<u>5</u>
15.	DEBTORS	2000 \$000	1999 \$000
	Due within one year:		
	Trade debtors	2,464,318	2,097,089
	Amounts owed by group undertakings	248,828	151,083
	Amounts owed by associated undertakings	5,471	6,937
	Prepayments and accrued income	23,375	20,732
	Other debtors	<u>2,631</u>	<u>1,132</u>
		2,744,623	2,276,973
	Due after more than one year :		
	Trade debtors	<u>4,950</u>	<u>10,380</u>
		<u>2,749,573</u>	<u>2,287,353</u>

The level of insurance broking debtors is not an indication of credit risk because the position of the insurance broker as agent means that generally the credit risk is borne by the principals. Nor is it an indication of future cashflows as it is normal practice for insurance brokers to settle accounts with clients, insurers, other intermediaries and market settlement bureaux on a net basis. The simultaneous recording of an insurance broking transaction between client and insurer results in a high level of correlation between insurance broking debtors and creditors.

16.	INVESTMENTS HELD AS CURRENT ASSETS	2000 \$000	1999 \$000
	Listed investments	-	4,005
	Unlisted investments	<u>324,889</u>	<u>211,749</u>
		324,889	215,754
	Market value of listed investments	<u>-</u>	<u>3,996</u>

Listed investments comprise US government securities and are stated at amortised cost.

17.	CREDITORS : amounts falling due within one year	2000 \$000	1999 \$000
	Bank loans and overdrafts	658	123
	Trade creditors	3,130,107	2,649,183
	Amounts owed to group undertakings	146,841	124,413
	Amounts owed to associated undertakings	7,715	2,195
	Corporate tax	30,193	6,835
	Accruals and deferred income	35,015	25,796
	Other creditors	<u>3,100</u>	<u>1,019</u>
		3,353,629	2,809,564
18.	CREDITORS : amounts falling due after more than one year	2000 \$000	1999 \$000
	Trade creditors	3,025	8,740
	Accruals and deferred income	<u>571</u>	<u>677</u>
		<u>3,596</u>	<u>9,417</u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)**

19. PROVISIONS FOR LIABILITIES AND CHARGES	Redundancy provision \$000	Errors & Omissions \$000	Total \$000
1 January 2000	-	6,641	6,641
Exchange adjustments	-	(492)	(492)
Profit and loss account movements	2,837	(1,522)	1,315
Used in the year	-	5,180	5,180
31 December	<u>2,837</u>	<u>9,807</u>	<u>12,644</u>

**Errors & omissions provision :**

Provisions comprise estimates for liabilities that may arise from actual and potential claims for errors and omissions. In respect of movements arising during the year, \$3,882,000 is recoverable from the Group's captive insurer. At 31 December 2000, the total amount recoverable from the Group's captive insurer was \$8,150,000 (1999 : \$5,456,000).

**Redundancy provision:**

Provision has been made for redundancies. All staff involved have been notified.

20. CALLED UP SHARE CAPITAL	2000 Number	2000 \$000	1999 Number	1999 \$000
Authorised, allotted, issued and fully paid:				
Ordinary shares of £1 each	<u>105,000,000</u>	<u>152,557</u>	<u>5,000,000</u>	<u>9,317</u>

On 1 December 2000 the share capital of the Company was increased from £5,000,000 to £105,000,000 by the issue of 100,000,000 shares of £1 each.

21. PROFIT AND LOSS ACCOUNT	2000 \$000	1999 \$000
1 January	4,935	10,740
Currency translation movements	(2,439)	(585)
Retained earnings	<u>20,927</u>	<u>(5,220)</u>
31 December	<u>23,423</u>	<u>4,935</u>

**22. PENSIONS**

The Company is a member of the Willis Pension Scheme, which is funded externally and is of the defined benefit type. Pension contributions are based on pension costs across the Group as a whole. The pension cost is assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method. The latest valuation was at 31 December 1998, details of which are given in the accounts of T A I Limited.

**23. CONTINGENT LIABILITIES**

The Company has given guarantees and indemnities to bankers and other third parties amounting to \$89,823 (1999 : \$59,102) [denominated in sterling - £59,882 (1999 : £36,483)].

The Company has given in the ordinary course of its business certain indemnities in respect of marine certificates of insurance issued by underwriters. No liability arose during the year or in the preceding year in respect of these indemnities.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)****23. CONTINGENT LIABILITIES (continued)****Assets Subject to Floating Charges**

The floating charge in favour of the Society of Lloyd's over the Company's insurance broking assets was released on 3 July 2000.

The Company is subject to claims and litigation in the ordinary course of business resulting principally from alleged errors and omissions in connection with their businesses. Most of the errors and omissions claims are covered by professional indemnity insurance. The Company has established provisions which are believed to be adequate in the light of current information and legal advice. These provisions may be adjusted from time to time according to developments. The Company does not expect the outcome of such claims, either individually or in the aggregate, to have a material effect upon the Company's operations, financial position or liquidity.

The Company has guaranteed on a joint and several basis the prompt and complete performance of a fellow subsidiary company in respect of credit facilities ("facilities") made available to that company. As at 31 December 2000 these facilities amounted to \$557.5 million. The Company's maximum liability under the guarantee cannot cause it to breach the minimum financial resources requirements placed on it by its regulator.

**24. DIRECTORS' INTERESTS IN CONTRACTS**

The undermentioned directors who held office during the period and, where applicable, connected (as defined in section 346 of the Companies Act 1985 (as amended)) were Underwriting Members of Lloyd's.

RJS Bucknall	RH Gayner
R Chiverrell	AB Hedgecock
Mrs CSG Faber	Mrs AC Hedley
MDT Faber	MA Hedley
RH Gayner	

The Company and other insurance broking subsidiary undertakings of TA I Limited place risks with syndicates in which the directors or connected persons (as defined above) participate in the normal course of their broking activities on the same basis as they do with other Lloyd's syndicates.

**25. RELATED PARTY TRANSACTIONS**

Financial Reporting Standard 8 exempts the reporting of transactions between Group companies in the accounts of companies 90% or more of whose voting rights are controlled within the Group. The Company has taken advantage of this exemption.

**26. SUBSEQUENT EVENTS**

Willis Group Holdings Limited was incorporated on 8 February 2001 as an exempted company under The Companies Act 1981 of Bermuda, for the sole purpose of redomiciling TA I Limited ("TA I") from the United Kingdom to Bermuda. On incorporation, Willis Group Holdings Limited was wholly-owned by Profit Sharing (Overseas), Limited Partnership, an affiliate of KKR.

Willis Group Holdings Limited, effective from 8 May 2001, exchanged its common shares for all the issued and outstanding ordinary shares of TA I. Further, on 10 April 2001, Willis Group Holdings Limited made an offer to exchange one of its non-voting management common shares for each outstanding non-voting management ordinary share of TA I. The offer expired on 8 May 2001, and at expiration, Willis Group Holdings Limited had received acceptances in respect of, or otherwise has rights to acquire, 99.8% of the outstanding non-voting management ordinary shares of TA I. As a consequence of these transactions, Willis Group Holdings Limited became the beneficial owner of 99.98% of TA I's issued and outstanding share capital.