

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

Registered Number 02908053

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

Directors

Executive Directors

DJ Atkins (Appointed 22 September 2020)

JA Byng

RE Fitzpatrick (Appointed 30 March 2020)

MT Hvidsten

AJ Melia

BD Shea

Registered Office

51 Lime Street

EC3M 7DQ

London

Auditor

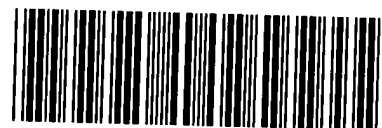
Deloitte LLP

Statutory Auditor

London

United Kingdom

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WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

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WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Company activities and review of developments

Willis Towers Watson Securities Europe Limited (the 'Company') is regulated by the Financial Conduct Authority ('FCA') and acts as an arranger of certain types of investments and derivatives. 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. The Company is domiciled and incorporated in the UK.

Previously the Company acted as an advisor on mergers and acquisitions and other corporate finance transactions, as well as an arranger of certain types of investment and derivative contracts. During 2018, the mergers and acquisitions advisory element of the business was placed into run-off, with the associated staff being made redundant effective from 1 January 2019. The Company continues to operate its Broker Dealer business related to insurance-linked securities ('ILS') and the weather derivative contracting business. The Company may continue to engage in M&A advisory on a limited and highly selective basis, when this would complement WTW's other risk and capital management offerings.

Proposed acquisition by Aon plc

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

Results

The profit after taxation amounted to £1,012,000 (2019: £451,000) as shown in the income statement on page 11. The increase in profit of £561,000 is attributable to:

- £1,325,000 increase in fee income;

partly offset by:

- £628,000 increase in operating expenses, including foreign exchange gains and losses;
- £132,000 increase in corporation tax; and
- £4,000 decrease in interest receivable from group undertakings.

Shareholder's equity

Shareholder's equity increased by £1,012,000 (2019: £451,000) reflecting the net profit after tax for the year as detailed above.

The Directors continue to monitor and review the Company's capital adequacy on a regular basis to ensure that it meets the minimum Threshold Condition requirements set out within the FCA Handbook.

Balance sheet

The balance sheet on page 12 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £1,012,000 as a result of:

- £3,128,000 decrease in accruals and deferred income; and
- £427,000 increase in amounts due from trade debtors

partly offset by:

- £2,348,000 net decrease in amounts due from group undertakings excluding corporation tax group relief;
- £132,000 increase in amounts due to group undertakings in respect of corporation tax group relief; and
- £63,000 increase in net VAT payable.

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

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

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

Principal risks and uncertainties

COVID-19

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

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

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

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

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

Further details on risks relating to COVID-19 are discussed in WTW's consolidated financial statements which do not form part of this report.

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 operations are to conduct business.

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. The Company's failure, or that of its employees, to satisfy the FCA that it is in compliance with their requirements or the legal requirements governing its activities, can result in disciplinary actions, fines, reputational damage and financial harm. We continue to focus on Conduct Risk through the review of appropriate metrics and taking appropriate action as necessary.

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

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

Principal risks and uncertainties (continued)

Economic Environment and Competition

Competitive pressure is a continuing reality for the Company, which from time to time may result in it not winning contracts from its clients and potential clients. This may result in difficult to predict and volatile revenues for the Company. The Company manages this risk by actively soliciting business, delivering value to clients and creating appropriate contractual fee structures.

Currency Risk (Fx)

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

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

Interest Rate Risk

The Company is financed by its own monies and has no third party debt. It therefore has no third party interest rate exposure.

Political Risk

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

FCA Pillar III Disclosures

Information detailing FCA Pillar III Regulatory Disclosure is available on application to the Company's registered address.

Environment

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

Employees

The Company employed no staff during the year (2019: none).

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

This strategic report was approved by the Board of Directors and authorised for issue on 26 April 2021 and signed on its behalf by:



DJ Atkins

Director

51 Lime Street

London EC3M 7DQ

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Strategic report

The Directors have approved the content of the Company's strategic report prepared in accordance with Section 414C of the Companies Act 2006. The strategic report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2020, along with the principal risks faced in achieving its future objectives, 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.

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

COVID-19 has disrupted certain aspects of WTW's business and could continue to disrupt WTW's business and those of its clients, suppliers and other third parties with whom it interacts. In the light of this, the Directors considered it was appropriate to perform an 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 procedures were carried out as part of a WTW-wide exercise in conjunction with WTW, and considered business resilience and continuity plans, financial modelling, both for the Company and wider WTW group and stress testing of liquidity and financial resources.

Having assessed the responses to their enquiries, including those related to COVID-19, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern or its ability to repay loans due from time to time. As a consequence of the enquiries, the Directors have a reasonable expectation that the Company has appropriate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 14.

Dividends

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

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. RE Fitzpatrick and DJ Atkins were appointed as Directors of the Company on 30 March 2020 and 22 September 2020 respectively. PJ Carter resigned as a Director of the Company on 28 February 2020. There were no other changes in Directors during the year or after the year end.

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

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

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 26 April 2021 and signed on its behalf by:



DJ Atkins

Director

51 Lime Street

London EC3M 7DQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Willis Towers Watson Securities Europe Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 11.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON
SECURITIES EUROPE LIMITED (continued)**

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

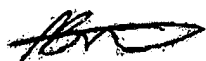
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Bowker ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

26 April 2021

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £000	2019 £000
Turnover	3	2,725	1,400
Operating expenses		(1,563)	(935)
Operating income – foreign exchange gain	4	79	79
Operating profit	4	1,241	544
Interest receivable from group undertakings		9	13
Profit before taxation		1,250	557
Tax charge on profit	7	(238)	(106)
Profit for the year		1,012	451

All activities derive from continuing operations.

The notes on pages 14 to 18 form an integral part of these financial statements.

There is no other comprehensive income in either 2020 or 2019.

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2020**

	Notes	2020 £000	2019 £000
Current assets			
Debtors: amounts falling due within one year	8	2,806	4,435
Deposits and cash		320	320
		3,126	4,755
Current liabilities			
Creditors: amounts falling due within one year	9	(1,162)	(3,803)
Total assets less current liabilities		1,964	952
Net assets		1,964	952
Equity			
Called up share capital	10	3,500	3,500
Retained losses		(1,536)	(2,548)
Shareholder's equity		1,964	952

The notes on pages 14 to 18 form an integral part of these financial statements.

The financial statements of Willis Towers Watson Securities Europe Limited, registered company number 02908053, were approved by the Board of Directors and authorised for issue on 26 April 2021 and signed on its behalf by:



DJ Atkins

Director

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

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

	Called up share capital £000	Retained losses £000	Total equity £000
Balance at 1 January 2019	3,500	(2,999)	501
Profit for the year	—	451	451
Total comprehensive loss for the year	—	451	451
Balance at 31 December 2019	3,500	(2,548)	952
Profit for the year	—	1,012	1,012
Total comprehensive income for the year	—	1,012	1,012
Balance at 31 December 2020	3,500	(1,536)	1,964

The notes on pages 14 to 18 form an integral part of these financial statements.

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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) share-based payment; (ii) financial instruments; (iii) presentation of a cash flow statement; (iv) related party transactions; and (v) new International Financial Reporting Standards ('IFRSs') that have been issued but are not yet effective as, where required, equivalent disclosures are given in the 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.

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

Revenue recognition

Fees for arranging investments and derivatives are recognised as the services are provided. Fees that are contingent upon completion of an underlying transaction are recognised at the effective date of transition.

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

Interest receivable

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

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

1. General information and accounting policies (continued)

Foreign currency translation

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

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

Exchange differences are recognised as profit or loss in the period in which they arise.

Financial assets and financial liabilities

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

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 rebuttable presumption that a financial asset was in default if it were more than 90 days past due. The amount of any impairment loss is recognised in profit or loss.

Income Taxes

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Recent accounting pronouncements adopted in the current period

The Company did not adopt any new International Financial Reporting Standards ('IFRSs') or interpretations ('IFRICs') issued by the International Accounting Standards Board ('IASB') during the year ended 31 December 2020 and no amendments to IFRSs or International Accounting Standards ('IASs') issued or adopted by the IASB had a significant effect on its financial statements.

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 **(continued)**

2. Critical accounting judgements and estimates

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

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

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

Critical judgements in applying the Company's accounting policies

There are no 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 that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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 note 8 for the carrying amount of financial assets at amortised cost. No impairment loss was recognised in 2020 or 2019.

3. Turnover

The table below analyses the Company's 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. Fees are attributable to continuing operations.

	2020	2019
Fees	£000	£000
United Kingdom	1,197	179
North America	1,089	361
Rest of the world	439	860
	2,725	1,400

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

	2020	2019
	£000	£000

4. Operating profit

Operating profit is stated after crediting:

Net foreign exchange gains	(79)	(79)
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The foreign exchange gain of £79,000 (2019: £79,000) shown in the income statement is mainly attributable to the fluctuation in the value of Australian dollars, the Euro and US dollars against pounds sterling during the year in relation to intercompany assets and liabilities.

Auditor's remuneration

	2020	2019
	£000	£000
Statutory financial statements audit fee	15	15
Audit-related assurance services	9	8
	24	23

Auditor's remuneration of £15,000 (2019: £15,000) was borne by another group company.

5. Employee costs

The Company employed no staff during the year (2019: none).

6. Directors' remuneration

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

	2020	2019
	£000	£000

7. Tax charge on profit

(a) Analysis of charge for the year

Current tax:

UK corporation tax	238	106
Tax charge in the income statement (note 7(b))	238	106

(b) Reconciliation of the total tax charge/(credit)

The tax assessed for the year is equal to (2019: equal to) the standard rate of corporation tax in the UK of 19% (2019: 19%).

(c) Change in corporation tax rate

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

On 3 March 2021 the UK Government announced that from 1 April 2023, the main rate Corporation Tax on profits over £250,000 will be increased to 25%. As these changes have not been enacted they are not reflected in these financial statements.

WILLIS TOWERS WATSON SECURITIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

	2020	2019
8. Debtors: amounts falling due within one year	£000	£000
Trade debtors	819	392
Amounts owed by group undertakings	1,987	4,007
VAT receivable	—	36
	2,806	4,435

Trade debtors are presented net of impairment.

	2020	2019
9. Creditors: amounts falling due within one year	£000	£000
Amounts owed to group undertakings	897	569
Amounts owed to group undertakings in respect of UK corporation tax	238	106
VAT payable	27	—
Accruals and deferred income	—	3,128
	1,162	3,803

	2020	2019
10. Called up share capital	£000	£000
Allotted, called up and fully paid		
3,500,000 (2019: 3,500,000) ordinary shares of £1 each	3,500	3,500

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

11. Related party transactions

FRS 101 (paragraph 8(k)) exempts the reporting of transactions between group companies in the financial statements of companies that are wholly owned within WTW. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.