TOWERS WATSON LIMITED

Registered in England Number 05379716

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

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For the year ended 31 December 2019

CONTENTS **Page**

TOWERS WATSON LIMITED

STRATEGIC REPORT
For the year ended 31 December 2019

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

REVIEW OF THE BUSINESS

The directors present their review of the business for the year ended 31 December 2019.

Turnover in the year amounted to £468.8 million (2018 - £463.7 million), which represents a 1.1% increase . Over the course of 2019, growth was noted in a number of the business areas, including revenue growth within the Human Capital and Benefits (HCB) segment which represents the majority of business. Specifically, revenue growth in its Health & Benefits and Talent & Rewards businesses helped the HCB segment grow by 3.0%. The Health & Benefits growth, as noted below, was principally through the transfer in of the businesses of fellow group companies in the Health & Benefits sector part way through the year.

Investment Risk and Reinsurance, comprised of the Insurance Consulting and Technology (ICT) and Investment businesses, showed a revenue decline on a year-over-year basis of 5%, driven by a decline in life insurance consultancy revenue offset by growth in Property & Casualty consulting and software sales and the absence of performance fees.

Staff costs in the current period amounted to £289.8 million (2018 - £282.7 million), an increase of 2.5%. Staff numbers increased by 4.5% in line with staff costs (increasing from 3,039 to 3,176). The absolute financial increase is due to increase in long-term incentive plans as well as a change in the mix of staff and the timing of leavers and new hires.

Other external charges in the current period amounted to £127.6 million (2018 - £134.7 million), a decrease of 5.2%. This is principally due to the costs required to implement operational improvements.

Profit on ordinary activities before taxation was £29.3 million (2018 - £28.0 million), representing 6.3% of turnover (2018 - 6.0%).

The additional loss in the current year reported in Other Comprehensive Income ("OCI"), amounted to £22.5 million after tax (2018 - income of £33.0 million) principally attributable to the Pension Schemes.

During 2019 the Company acquired the trade and net assets of two fellow group companies Private Medicine Intermediaries Limited and Corporate Medical Management Limited for consideration of £9,049,000, being the value of the assets transferred, and the Health & Benefits proposition within Willis Limited for consideration of £3,489,000 being the value of assets transferred to consolidate the Health & Benefits propositions into Towers Watson Limited.

STRATEGY

The Willis Towers Watson entities ("WTW") are in the business of people, risk and capital and believe that a unified approach to these areas can be a path to growth for our clients.

Integrated teams bring together our understanding of people matters, risk strategies and market analytics. This helps clients around the world to achieve their objectives.

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

WTW believes it can 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.

STRATEGY (continued)

WTW cares as much about how it works as it does about the impact that it makes. This means commitment to shared values, a framework that guides how we run the 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, in addition to generating compelling returns for investors by delivering tangible growth in revenue. The Company plays an integral part in WTW's strategy.

POST BALANCE SHEET EVENTS

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 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.

COVID -19 - 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.

FUTURE DEVELOPMENTS

Over 2020, the Company will continue to look to grow its core businesses profitably and seek opportunities to increase recurring revenue. The Company will concentrate on delivering the best innovations, as well as continue to focus on cost control activities and seek opportunities to drive bottom line growth.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has significant investments in its overseas subsidiaries either by the introduction of capital and is exposed to the impairment of this investment where subsidiaries generate insufficient cash flows to support the carrying value of the investment. Therefore, the Company regularly reviews the investments for signs of impairment and provisions are made where appropriate.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow and credit risks as described below. The directors believe such risks are adequately monitored by the management of the Company.

Operational risk

Operational risk, inherent in all businesses, is the potential for financial and reputational loss arising from failures in internal controls, operational processes or systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud. The regulated environment in which the Company operates imposes regular reporting requirements and continuing self-assessment and appraisal of the Company's operations. Furthermore, internal arrangements are supported with appropriate disaster recovery and business continuity plans. The processes in place are continually re-evaluated as the Company seeks to improve its operating efficiencies. The directors consider the current procedures to have been effective to date.

Cash flow risk

Surplus cash held over and above the balances for working capital management and regulatory requirements is transferred to WTW treasury. Such deposits are repayable on demand. Remaining residual funds are invested in money-market funds which offer both security of capital and liquidity.

The Company is at risk from interest rate movements on loans with fellow group undertakings.

In addition, the Company is exposed to the effects of changes in foreign currency exchange rates as loans to and from subsidiaries and other group companies are typically denominated in the functional currency of those entities. However, any material residual risks are hedged as required.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Terms of engagement are agreed with all clients. Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. There is no significant concentration of current debtors.

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 forecasts its short and longer term cash needs each week for the WTW Treasury function and, in common with WTW, the Company invests its surplus funds with or requests funding from the WTW's in-house treasury companies. For the Company this is principally Trinity Acquisitions plc and it has same-day access to those funds under its loan facility.

Key performance indicators

Key Performance Indicators used within the business are operating income growth, operating margin, trade debtors as a percentage of turnover, client chargeable hours, associate utilisation (being a reflection of the proportion of chargeable time associates dedicate to client billable activities).

Operating income growth and operating margin are managed through trade debtors as a percentage of turnover and client chargeable hours.

Trade debtors as a percentage of turnover increased from 13.5% in 2018 to 14.9% in 2019. The Company continues its efforts to improve the timeliness of billing of work in progress and recovery of accounts receivable.

Total client chargeable hours and utilisation decreased by 7% and 5% respectively relative to 2018, primarily within Technology and Administration Solutions offering in the HCB Business unit reflecting an increase in directing resources towards non-chargeable development activities and the transfer of activity to offshore locations which service the Company's clients.

Despite a solid performance, the market remains challenging and it is therefore essential to ensure that the Company's colleagues are deployed in the most efficient manner.

Principal risks and uncertainties

Business risks

The Company's success depends on its ability to attract, retain and motivate qualified personnel generally, including key management personnel and consultants as well as the business generation capabilities and project execution skills of these consultants. In particular, their personal relationships with clients are a critical element in obtaining and maintaining client engagements. Losing consultants and account managers who manage substantial client relationships or possess substantial experience or expertise could adversely affect the Company's ability to secure and complete engagements, which would adversely affect the operating results of the Company.

In addition, if key consultants were to join an existing competitor or form a competing company, existing and potential clients could choose to use the services of that competitor. There can be no assurance that confidentiality and non-competition agreements signed by senior consultants will be effective in preventing a loss of business.

The Company currently provides clients with actuarial and consulting services relating to both defined benefit and defined contribution pension schemes. Defined benefit pension schemes generally require more actuarial services than defined contribution plans because defined benefit plans typically involve large asset pools, complex calculations to determine employer costs, funding requirements and sophisticated analysis to match liabilities and assets over long periods of time. If organisations shift to defined contribution plans more rapidly than anticipated, the operating results of the Company could be adversely affected.

Principal risks and uncertainties (continued)

Business risks (continued)

Professional services providers, including those in the human resources and financial services consulting industry, are subject to claims from their clients. Clients and third parties who are dissatisfied with, or claim to suffer damages caused by, the services of the Company may bring lawsuits against the Company. The risk of professional liability claims is an ongoing concern and appropriate insurance cover is taken. The expected cost of claims identified in respect of work done prior to the balance sheet date is recognised in the financial statements.

As a regulated company, it is subject from time to time to inquiries or investigations by governmental agencies or regulators that could have a materially adverse effect on the business or results of operations.

In September 2017, the FCA announced that it would make a referral with respect to the investment consulting industry to the U.K. Competition & Markets Authority (the 'CMA').

The CMA released its final report on 12 December 2018, finding that there is an adverse effect on competition. To address these findings, the CMA has set out certain remedies, including mandatory tendering when trustees first purchase fiduciary management services, the reporting of investment performance to customers using a set of common standards, transparency in reporting of fees in fiduciary management and the expansion of the FCA's regulatory perimeter to include the main activities of investment consultancy and fiduciary management providers. The Company is generally supportive of these proposed remedies. The CMA issued its final order setting out these remedies on 10 June 2019. The Company is now in the process of implementing these remedies. The costs associated with these remedies are not expected to have a material impact on the Company's financial statements.

Exposure to the WTW plc

The Company is a wholly-owned subsidiary of Willis Towers Watson plc. 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.

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

COVID-19

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 shutdown 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. 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.

Principal risks and uncertainties (continued)

COVID-19

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 centres 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 our own hedging and other financial transactions, which could impact our 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.

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 materially adverse impact on the Company's profitability, cash and capital position which may include the following areas:

- The Company often assist our clients with matters involving substantial amounts of money and complex regulatory requirements. The actuarial services also rely on substantial amounts of data provided by clients, the accuracy and quality of which we may not be able to ensure. In addition, the Company could make computational, software programming or data management errors in connection with the services we provide to clients.

- Clients may seek to hold the Company responsible for the financial consequences of variances between assumptions and estimates and actual outcomes or for errors. For example, in the case of pension plan actuarial work, a client's claims might focus on the client's alleged reliance on actuarial assumptions that it believes were unreasonable and, based on such reliance, the client make benefit commitments that it may later claim are not affordable or funding decisions that result in plan underfunding if and when actual outcomes vary from actuarial assumptions.

- The Company also provides advice on both asset allocation and selection of investment managers. Increasingly, for many clients, the Company is responsible for making decisions on both of these matters, or may serve in a fiduciary capacity, either of which may increase liability exposure. In addition, affiliates of the Company offer investment funds, including in the U.S. and Ireland, with plans to launch additional funds over time. Given that our Investment business may recommend affiliated investment funds or affirmatively invest such clients' assets in such funds under delegated authority, this may increase our liability exposure. We may also be liable for actions of managers or other service providers to the funds. Further, for certain clients, the Company is responsible for some portions of cash and investment management, including rebalancing of investment portfolios and guidance to third parties on the structure of derivatives and securities transactions. Asset classes may experience poor absolute performance, and investment managers may under-perform their benchmarks; in both cases the investment return shortfall can be significant. Clients experiencing this under-performance, including from our affiliated investment funds, may assert claims against us, and such claims may be for significant amounts. In addition, the Company's failure to properly execute the role can cause monetary damage to clients or such third parties for which the Company might be found liable, and such claims may be for significant amounts. Overall, the ability to contractually limit potential liability may be limited in certain jurisdictions or markets or in connection with claims involving breaches of fiduciary duties or other alleged errors or omissions.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Principal risks and uncertainties (continued)

Errors and omissions exposures (continued)

The ultimate outcome of all of the above matters cannot be ascertained and liabilities in indeterminate amounts may be imposed on us. In addition, our insurance coverage may not be sufficient in type or amount to cover us against such liabilities. It is thus possible that future results of operations or cash flows for any particular annual period could be materially adversely affected by an unfavourable resolution of these matters. In addition, these matters continue to divert management and personnel resources away from operating our business. Even if the Company does not experience significant monetary costs, there may be adverse publicity associated with these matters that could result in reputational harm to the industries the Company operates in or to us in particular that may adversely affect our business, client or employee relationships. In addition, defending against these claims can involve potentially significant costs, including legal defence costs.

The Company mitigates this risk through its Excellence programme which is designed to provide a consistently high level of service and quality to the Company's clients. In addition, the Company has taken out a program of insurance cover to protect against impacts of such claims.

Regulatory, legal and conduct risk

The Company is subject to regulation from the Financial Conduct Authority ('FCA') in relation to its investment advice, investment management, benefits brokerage and other regulated activities. The FCA has prescribed principles for business and rules by which the Company's operations are to conduct business. The FCA has a wide range of rule-making, investigatory and enforcement powers aimed at meeting its statutory objective of ensuring that the relevant markets function well. In addition, the FCA extended the Senior Managers and Certification Regime ('SMCR') which became effective on 9 December 2019. The SMCR is designed to drive improvements in culture and governance within financial services firms and to deter misconduct by increasing individual accountability to the FCA.

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.

Additionally, the Company is, for the purposes of the Pension Schemes Act 2017, the Scheme Funder and joint Scheme Strategist in respect of LifeSight, a Defined Contribution master trust pension scheme authorised and regulated by the Pension Regulator.

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

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Principal risks and uncertainties (continued)

Pension risks

The Company is the sponsoring employer to two defined benefit pension schemes. There is a risk that the growth of assets does not keep pace with the growth in the value of the liabilities and as a consequence creates additional financial liability for the Company.

Data security risk

The Company depends 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/markets and clients. Additionally, 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. The Company's information systems, and those of our third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. The Company is the target of computer viruses, hackers, distributed denial of service attacks, malware infections, ransom ware attacks, phishing and spear-phishing campaigns and other external hazards, as well as improper or inadvertent staff behaviour which, could expose confidential company and personal data systems and information to security breaches.

Many of the software applications that the Company uses in its business are licensed from, and supported, upgraded and maintained by, third-party vendors. 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, colleagues and clients. The Company has processes designed to require third-party IT outsourcing, offsite storage and other vendors to agree to maintain certain standards with respect to the storage, protection and transfer of confidential, personal and proprietary information. However, the Company remains at risk of compromising this data, including as a result of a data breach due to the 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 risk and potential impact of a data breach of our third-party vendors' systems increase as the Company moves more of data and clients' data into vendor cloud storage, the Company engages in IT outsourcing or consolidates the group of third-party vendors that provide cloud storage or other IT services for the Company.

The Company and our vendors regularly experience cybersecurity incidents, including successful attacks from time to time, and expect that to continue going forward. Cybersecurity incidents also include those resulting from human error or malfeasance, implantation of mal-ware and viruses, phishing and spear-phishing attacks, unauthorised access to our information technology networks and systems, and unauthorised access to data or individual account funds through fraud or other means of deceiving our colleagues, third-party service providers and vendors. The Company has experienced successful attacks, by various types of hacking groups, in which personal and commercially sensitive information, belonging to us or our clients, has been compromised. However, none of these cybersecurity incidents or attacks to our knowledge have been material to our business or financial results. The Company cannot assure that such cybersecurity incidents or attacks will not be material in the future. When required by law, the Company has notified individuals and relevant regulatory authorities which in the U.K. is the Information Commissioner's Office of such cybersecurity incidents or attacks.

Over time, the frequency, severity and sophistication of the attacks against the Company have increased. The Company maintains 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, such safeguards are time-consuming and expensive to deploy broadly and are not necessarily always in place or effective, and cannot entirely eliminate the risk of data security breaches, improper access to, takeover of or disclosure of confidential company or personally identifiable information. The Company may not be able to detect and assess such issues, or implement appropriate remediation, in a timely manner. The Company is engaged in an ongoing effort to enhance our protections against attack; this effort will require significant expenditures and may not be successful. The Company's technology may fail to adequately secure the private information it holds and protect it from theft, computer viruses, hackers or inadvertent loss.

STRATEGIC REPORT (continued)
For the year ended 31 December 2019

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Principal risks and uncertainties (continued)

Data security risk (continued)

If any person, including any of our colleagues, intentionally or unintentionally fails to comply with, disregards or intentionally breaches our established controls with respect to such data or otherwise mismanages or misappropriates that data, the Company could be subject to monetary damages, fines, regulatory enforcement or criminal prosecution. Unauthorised disclosure of sensitive or confidential client, supplier or employee data, whether through systems failure, accident, employee negligence, fraud or misappropriation, could damage our reputation and cause the Company to lose clients. Similarly, unauthorised access to or through information systems or those it develops for our clients, whether by our colleagues or third parties, could result in significant additional expenses (including expenses relating to incident response and investigation, remediation work, notification of data security breaches and costs of credit monitoring services), negative publicity, legal liability and damage to our reputation, as well as require substantial resources and effort of management, thereby diverting management's focus and resources from business operations.

The methods used to obtain unauthorised access, disable or degrade service or sabotage systems are also constantly changing and evolving; continue to become more sophisticated and complex; and may be difficult to anticipate or detect.

WTW has implemented and regularly reviews 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, unauthorised access, 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. In addition, the Company may not be able to implement such efforts as quickly as desired if, for example, greater resources are required than originally expected or resources and management's focus are insufficient. 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.

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 countries.

Given the status of Brexit at this time, the Company is not able to predict the impact it will have on the economy, economic, regulatory and political stability, market conditions in Europe (including in the UK) or on Pound sterling, Euro or other European currencies. Any such impacts and others that cannot currently be anticipated could materially adversely affect the company and its operations. Among other things, the Company could experience lower growth in the region due to indecision as businesses hold off on generating new projects due to adverse market conditions.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Principal risks and uncertainties (continued)

Political risk (continued)

The British government and the E.U. continue to negotiate the terms of the U.K.'s future relationship with the E.U. While many separation issues have been resolved, significant uncertainty remains. It is also possible that the U.K. exits the E.U. in a potentially disruptive manner, with no agreed-upon future relationship. The Company is heavily invested in the U.K. through our businesses and activities. If Brexit negatively impacts the U.K., then it could have a material adverse impact on us. In addition, Brexit may result in greater restrictions on business conducted between the U.K. and E.U. countries and increased regulatory complexities. There is also uncertainty as to how the U.K.'s access to the E.U. Single Market and the wider trading, legal, regulatory, tax, social and labour environments, especially in the U.K. and E.U., 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 E.U. countries by relying on a regulatory permission in the U.K. (or doing business in the U.K. by relying on a regulatory permission in an E.U. 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. 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.

The risk remains that the U.K. will not have agreed to a comprehensive trade agreement with the E.U. 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. We are currently in the process of establishing appropriate arrangements for the continued servicing of client business in the countries expected to be most affected. These arrangements include the transaction of certain businesses and/or the movement of certain businesses outside of the U.K. However, various significant risks remain, including the following, among others:

- the risk that our proposed business solutions, such as business transfers, will not be completed in time or could cost more than expected, or that they will not be approved by regulators in the U.K. or E.U.;
- the risk that changes to our information technology required to move businesses or operations will not be completed in time;
- the risk that we may not timely complete any required changes to client contract terms and regulatory requirements, including with respect to data protection and privacy standards;
- the risk of a loss of key talent, or an inability to hire sufficient and qualified talent;
- the risk that the efforts and resources allocated to Brexit, and associated changes to our operations, cause disruptions to our existing businesses, whether inside or outside the U.K., or both;
- the risk that the U.K. will have in place no, or a limited number of, trade agreements with the E.U., its member states and/or any non-E.U. states leading to potentially adverse trading conditions with other territories; and
- the risk that the way in which the U.K. exits the E.U. is altered from current expectations, resulting in the need to quickly and materially change our plans, and the risks described above with respect to any associated changes in such plans.

There is also a risk that other countries may decide to leave the E.U. We cannot predict the impact that any additional countries leaving the E.U. will have on us, but any such impacts could materially adversely affect the Company.

Outsourcing Risk

As part of providing services to clients and managing the business, the Company relies on a number of third-party service providers. The ability to perform effectively depends in part on the ability of these service providers to meet their obligations, as well as on effective oversight of their performance. The quality of services could suffer or the Company could be required to incur unanticipated costs if third-party service providers do not perform as expected or their services are disrupted. This could have a material adverse effect on the business and results of 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.

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 within the Directors' Report);
(c) the Company's business relationships with its suppliers, customers and others (see Outsourcing Risk section above);
(d) community and environment (see Environment section within the Directors' Report); 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.

A key responsibility of the Board is to review the solvency of the Company and its subsidiaries on a realistic stressed basis for the foreseeable future. The Board regularly considers, 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.

The Board also reviews 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.

The Board 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 Human Resources, Legal, Risk, Finance, Internal Audit and Compliance functions. In the course of the year, the Board of Directors enhanced its engagement with colleagues and other stakeholders in various ways, details of which are included in the Directors' Report below.

Throughout the year, some 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'). Some also received training from the Institute of Directors on directors' duties.

Section 172 Companies Act 2006 (continued)

Board packs for the Company are issued to the Directors a few days in advance of the Board meetings in order to provide adequate time for review. Any specific S172 factors will be flagged for consideration by the Board in respect of any relevant decisions in the future.

Approved by the Board of Directors
and signed on behalf of the Board

CMHodges.

C M Hodges

Watson House
London Road
Reigate
Surrey
RH2 9PQ

12 May 2020

TOWERS WATSON LIMITED

DIRECTORS' REPORT
For the year ended 31 December 2019

The directors present their annual report and audited financial statements of the Company for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of actuarial services, advice on employee benefits and human capital strategies, benefits administration, which are reported with the Human Capital and Benefits segment and investment consulting, investment management and insurance consulting and technology, reported within the Investment, Risk and Reinsurance segment.

The operations of each business unit are described below:

Human Capital and Benefits

The Willis Towers Watson Human Capital & Benefits ('HCB') segment provides an array of advice, broking, solutions and software for employers in relation to their employees.

HCB is the largest segment of the Company. Organised into four primary offerings - Retirement; Health & Benefits; Talent & Rewards; and Technology and Administration Solutions, the segment is focused on addressing our clients' people and risk needs to help them take on the challenges of operating in a global marketplace.

HCB is strengthened with teams of international consultants in the Global Services and Solutions business that provide support in each of these areas to the global headquarters of multinational clients and their foreign subsidiaries.

Retirement - The Retirement business provides actuarial support, plan design, and administrative services for traditional pension and retirement savings plans. The Company's colleagues help our clients assess the costs and risks of retirement plans on cash flow, earnings and the balance sheet, the effects of changing workforce demographics on their retirement plans, and retiree benefit adequacy and security. The Company offers clients a full range of integrated retirement consulting services to meet the needs of all types of employers, including those that continue to offer defined benefit plans and those that are re-examining their retirement benefit strategies. The Company brings a particular in-depth data analysis and perspective to their decision process, because it has tracked the retirement designs of the largest public companies around the world over many years.

For clients that want to outsource some or all of their pension plan management, we offer integrated solutions that combine investment consulting, pension administration, core actuarial services, and communication and change management assistance.

Health and Benefits - The Health & Benefits ('H&B') business provides plan management consulting, broking and administration across the full spectrum of health and group benefit programs, including medical, dental, disability, life and other coverage.

Talent & Rewards - The Talent & Rewards ('T&R') business provides advice, data, software and products to address clients' total rewards and talent issues.

T&R has operations across the globe, including centralised software development and analytics teams that support the efficient delivery of services to clients.

Technology and Administration Solutions - Our Technology and Administration Solutions ('TAS') business provides benefits outsourcing services to hundreds of clients across multiple industries. Our TAS team are supported by high quality administration teams using robust technology platforms. The Company has high client retention rates, and is the leading administrator among the 200 largest pension plans in the U.K..

DIRECTORS' REPORT (continued)
For the year ended 31 December 2019

PRINCIPAL ACTIVITIES (continued)

Human Capital and Benefits (continued)

Technology and Administration Solutions (continued)

For both our defined benefit and defined contribution administration services, we use highly-automated processes and web technology to enable benefit plan members to access and manage their records, perform self-service functions and improve their understanding of their benefits. Our technology also provides trustees and HR teams with timely management information to monitor activity and service levels and reduce administration costs.

Investment, Risk and Reinsurance

Insurance Consulting and Technology - Insurance Consulting and Technology is a global business that provides advice and technology solutions to the insurance industry. The Company leverages our industry experience, strategic perspective and analytical skills to help clients measure and manage risk and capital, improve business performance and create a sustainable competitive advantage. Services include software and technology, risk and capital management, products and product pricing, financial and regulatory reporting, financial and capital modelling, M&A, outsourcing and business management.

Investments - Investments provides advice and discretionary management solutions to improve investment outcomes for asset owners using a broad and sophisticated framework for managing risk. It provides coordinated investment advice and solutions to some of the world's largest pension funds and institutional investors based on our expertise in risk assessment, asset-liability modelling, strategic asset allocation policy setting, manager selection and investment execution.

PRINCIPAL RISKS AND UNCERTAINTIES, FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

Details of principal risks and uncertainties, future developments and post balance sheet events can be found in the Strategic Report on pages 1 to 11 and form part of this report by cross-reference.

EXISTENCE OF BRANCHES OUTSIDE THE UK

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

Towers Watson Limited Zweigniederlassung Frankfurt am Main

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, 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 the statement of accounting policies in the financial statements.

DIVIDENDS

Dividends of £149,890,000 were paid during the year (2018 - £16,801,000). No final dividend is proposed (2018 - £ nil).

EMPLOYEES

The Company is committed, in addition to the letter of the law, to the promotion of equal opportunity in all fields, fulfilled via consistent and equitable policies and procedures for all colleagues which recognise each individual's expertise and ability. Specifically, the Company endeavours to offer equal opportunity in employment, training, career development and promotion wherever possible, both to disabled colleagues, to disabled job applicants and to those who may become disabled whilst in employment.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as colleagues and various factors affecting the performance of WTW, as well as seeking suggestions from its colleagues. Both upwards and downwards flow of information is achieved through team briefings and on-line question and answer facilities. All colleagues receive remuneration that is partially linked to the profitability of WTW.

For further information regarding employees is included within the Wates principles disclosure below.

DIRECTORS

The directors who served throughout the year (except where otherwise stated) were as follows:

Executive Directors

M Boschetti		
E J Francis		
C M Hodges	(Appointed 08 November 2019)	
I Rinck		(Resigned 12 July 2019)
T M Richardson		

Non-executive Director

P G Morris	(Appointed 01 May 2020)

Third party indemnity provisions

As is permitted by the Company's Articles of Association and section 232 and 234 of the Companies Act 2006 qualifying third party indemnity provisions were in force during the period and remain in force for the benefit of the Directors (and any officers) of the Company. A fellow group Company, maintains directors' liability insurance cover for the company directors and officers as permitted under the Company's Articles. Such insurance policies remained in force during the period.

ADOPTION OF THE WATES PRINICIPLES

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 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 colleagues and customer messaging, on the Company's website, and are embedded in all colleague engagement efforts, including performance management tools.

ADOPTION OF THE WATES PRINICIPLES (continued)

The Company has a strong culture aligned to its values. The Company's culture is constantly monitored through company-wide colleague engagement surveys carried out every two years, one to one engagement, 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.

Principle 2: Board Composition

The Board comprises four Executive Directors covering the three core business units operating within the entity and a Finance Director. In addition to this during 2020 the Company appointed a Non-Executive director.

The Board members are shown on page 14:

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 and a good balance of knowledge and experience across all its Executive and Non-Executive Directors.

The Board will carry out an internal Board effectiveness review during 2020 and will consider the output and the recommendations will be discussed and implemented as appropriate.

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 SMCR.

The Board receives 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 SMCR.

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. This Board's Risk officer 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.

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 Board regularly discusses market overviews in the areas which it operates and opportunities for tangible and intangible value creation.

For further details, see the Strategic Report above.

ADOPTION OF THE WATES PRINICIPLES (continued)

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 colleagues. 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 7 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 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 - Board regularly meets with members of staff other than the usual presenters to the Board. In addition, the Board regularly receives a people update from the Human Resources officer function as well as related updates in respect of inclusion and diversity. The interests of the employees, the FCA and the second line functions are actively considered during Board deliberations.

Regulators - The Chief Executive Officer, an Executive Director, has scheduled periodic engagement meetings with the FCA and maintains an open and proactive relationship with the FCA by engaging in frequent, two-way dialogue. The Board of Directors, through the nominated Compliance Officer 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 SMCR. They also consider the feedback from the FCA very carefully and have developed a culture of proactive compliance based on its ongoing channels of communication.

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.

ADOPTION OF THE WATES PRINICIPLES (continued)

Principle 6: Stakeholder Relationships and Engagement (continued)

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 client focused. The Company is driven to help its clients succeed. In every interaction and with every solution, employees are encouraged to act in the Company's clients' best interests, striving to understand their needs, respecting their perspectives and exceeding their expectations. The Board of Directors receives updates on client 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 receives reports from an Operations officer, who oversees the Company's key suppliers and maintains appropriate relationships. They present a report to every scheduled Board meeting and escalate all material items of feedback as necessary to the Board on a regular basis. For further details, see the Modern Slavery Statement for Towers Watson Limited, available on the WTW website, www.willistowerswatson.com.

INDEPENDENT AUDITOR AND STATEMENT OF PROVISION OF INFORMATION TO THE INDEPENDENT AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company and will be reappointed as auditor for the next year.

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) 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.

Approved by the Board of Directors
and signed on behalf of the Board

Watson House
London Road
Reigate
Surrey
RH2 9PQ

CMHodges.

12 May 2020

C M Hodges

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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; 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.

Opinion

In our opinion the financial statements of Towers Watson 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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.

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.

Robert Knight, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Crawley, United Kingdom

12 May 2020

TOWERS WATSON LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
TURNOVER	3	468,764	463,746
Staff costs	7	(289,761)	(282,749)
Depreciation and amortisation	6	(23,478)	(21,734)
Other external charges		(127,604)	(134,668)
OPERATING PROFIT		27,921	24,595
Amounts written off investments		—	(110)
Interest receivable and similar income	4	2,226	4,915
Interest payable and similar charges	5	(813)	(1,381)
PROFIT BEFORE TAXATION	6	29,334	28,019
Tax on profit	9	(6,066)	(6,876)
PROFIT FOR THE FINANCIAL YEAR		23,268	21,143

All results are from continuing operations.

TOWERS WATSON LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
PROFIT FOR THE FINANCIAL YEAR		23,268	21,143
Remeasurement of net defined pension liability	20	(27,325)	10,857
Release of provision against pension surplus	20	—	28,414
UK deferred tax attributable to pension items included within the statement of total recognised gains and losses		4,645	(6,676)
Actuarial gain on post-retirement healthcare scheme		153	377
Currency translation difference on foreign currency net investments		5	(12)
Other comprehensive (loss)/income recognised in the financial year		(22,522)	32,960
Total comprehensive income related to the financial year		746	54,103

TOWERS WATSON LIMITED

BALANCE SHEET
Company Registration Number 05379716
As at 31 December 2019

	Notes	2019 £'000	2018 £'000
FIXED ASSETS			
Intangible assets	10	79,024	91,220
Tangible assets	11	36,207	38,650
Investments	12	68,870	68,870
		184,101	198,740
CURRENT ASSETS			
Debtors			
due after more than one year		21,149	14,801
due within one year		295,147	469,287
Total debtors	13	316,296	484,088
Cash at bank and in hand	14	25,319	26,584
		341,615	510,672
Creditors: amounts falling due within one year	15	(187,752)	(233,889)
NET CURRENT ASSETS		153,863	276,783
TOTAL ASSETS LESS CURRENT LIABILITIES		337,964	475,523
Creditors: amounts falling due after more than one year	16	(7,839)	(7,897)
Provisions for liabilities	17	(29,207)	(28,056)
NET ASSETS EXCLUDING PENSION ASSET		300,918	439,570
Pension asset	20	74,785	84,964
NET ASSETS		375,703	524,534
CAPITAL AND RESERVES			
Called-up share capital	18	120	120
Profit and loss account	18	375,583	524,414
SHAREHOLDERS' FUNDS		375,703	524,534

These financial statements were approved by the Board of Directors and authorised for issue on 12 May 2020.

Signed on behalf of the Board of Directors

CMHodges.

C M Hodges
Director

TOWERS WATSON LIMITED

STATEMENT OF CHANGES IN EQUITY
As at 31 December 2019

Equity attributable to equity shareholders' of the Company

	Notes	Called-up Share Capital £'000	Profit & Loss Account £'000	Total £'000
At 1 January 2018		120	487,114	487,234
Profit for the year ended 31 December 2018		—	21,143	21,143
Currency translation difference on foreign currency net investments		—	(12)	(12)
Actuarial gain on pension scheme	20	—	10,857	10,857
Release of provision against pension surplus	20	—	28,414	28,414
Actuarial gain on post-retirement healthcare scheme		—	377	377
Deferred tax relating to items of other comprehensive income		—	(6,676)	(6,676)
Total comprehensive income		—	54,103	54,103
Dividends	18	—	(16,801)	(16,801)
Equity settled share-based payments	23	—	(2)	(2)
At 31 December 2018		120	524,414	524,534
Profit for the year ended 31 December 2019		—	23,268	23,268
Currency translation difference on foreign currency net investments		—	5	5
Actuarial loss on pension scheme	20	—	(27,325)	(27,325)
Actuarial gain on post-retirement healthcare scheme	17	—	153	153
Deferred tax relating to items of other comprehensive income		—	4,645	4,645
Total comprehensive income		—	746	746
Dividends	18	—	(149,890)	(149,890)
Equity settled share-based payments	23	—	313	313
At 31 December 2019		120	375,583	375,703

Notes to the financial statements for the year ended 31 December 2019

1. ACCOUNTING POLICIES

Towers Watson Limited is a limited liability company limited by shares, domiciled and incorporated in England. The address of the Company's registered office is Watson House, London Road, Reigate, Surrey, RH2 9PQ. The Company's principal place of business is Watson House, London Road, Reigate, Surrey, RH2 9PQ.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Companies Act 2006 including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

The principal accounting policies adopted are described below and have been applied consistently in the current and prior year.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

a. Going concern

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.

The ultimate parent undertaking has confirmed that it would provide financial support if necessary for the company to continue to meet its financial obligations as they fall due for at least twelve months from the date on which the financial statements are signed.

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.

b. WTW Treasury arrangement

The Company meets its day to day working capital requirements by being part of a cash pooling arrangement managed by the WTW treasury function which reviews the Company's forecasts and projections, taking account of reasonably possible changes in interest rate, and shows that the Company should be able to operate within the level of its current arrangement.

1. ACCOUNTING POLICIES (continued)

c. Consolidation

The Company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements, provided certain conditions are met. The Company and its subsidiaries are included in the consolidated audited financial statements of Willis Towers Watson plc for the year ended 31 December 2019, which is resident in The Republic of Ireland. Its financial statements are drawn-up in a manner considered to be equivalent to UK GAAP consolidated financial statements, as required by the EU Seventh Directive. These financial statements therefore present the financial position and financial performance of the Company as a single entity.

d. Cash flow statement

The Company has taken advantage of the exemption within Financial Reporting Standard 102 1.12(b) not to produce a cash flow statement as the consolidated financial statements of its ultimate parent undertaking are publicly available.

e. Intangible fixed assets

Goodwill arising on the acquisition of a business, assets and liabilities is capitalised as an intangible fixed asset and amortised at a rate calculated to write off its value on a straight-line basis over its estimated useful life. Provision is made for any impairment.

Other intangible fixed assets relate to the following:

- Purchased rights to conduct business are also amortised on a straight-line basis over the estimated useful life of the asset.

- Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over their estimated useful economic life.

Provision is made for any impairment.

The rates and remaining months of amortisation, are as follows:

	Rate of amortisation	Months of amortisation remaining
Goodwill		
Business of Watson Wyatt LLP	5% per annum	67 months
EMB	20% per annum	0 months
Other intangible assets	20- 33 1/3 % per annum	0-28 months

f. Tangible fixed assets

Tangible assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over the estimated useful lives as follows:

Office equipment, furniture and fittings - between 6% and 33 1/3% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

g. Investments

Investments are stated at cost less provisions for impairment.

1. ACCOUNTING POLICIES (continued)

h. Financial instruments

The Company has elected to apply the provisions of section 11 "Basic Financial Instruments" and section 12 "Other Financial Instruments Issues" of FRS 102 in full to all of its financial instruments.

Financial assets and liabilities

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Debtors - Amounts owed by group undertakings

Amounts owed by group undertakings: short term debtors, being both amounts due with one year and due after one year, and which do not constitute a financing transaction are initially recognised at the transaction price. They are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

1. ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors - Amounts owed to group undertakings

Amounts owed to group undertakings payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at the amortised cost, being the transaction price less any amounts settled.

Amounts owed to group undertakings which are payable in more than one year are initially recorded at the transaction price which is the deemed fair value because on inception the terms of the agreement state that interest is charged at a market rate. Subsequently amounts are measured at the amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

i. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

1. ACCOUNTING POLICIES (continued)

i. Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

j. Share based payments

Willis Towers Watson plc issues equity-settled share-based payments to certain employees. Remuneration of staff that is based on the price of shares is valued on the basis of the fair value, which is deemed to be the market value (which is deemed to be materially equivalent to a formal valuation model), of the shares at the grant date.

The Company recognises the expenditure in the profit and loss account rateably over the period between the grant date and vesting date of those shares and an amount equal to this expenditure is recognised in Reserves.

In the current and prior year, unless disclosed otherwise in note 23 when the shares vest to the individual, Willis Towers Watson plc recharges the Company an amount, which is based on a USD value no more than the difference between the value of those shares when they vest to the individual and the grant date fair value charge over the vesting period. This charge and related payroll taxes are expensed in Reserves.

k. Taxation

Current tax, including UK corporation tax and foreign 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 in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less/(more) than the value at which it is recognised, a deferred tax liability/(asset) is recognised for the additional tax that will be paid/(avoided) in respect of that difference. Similarly, a deferred tax asset/(liability) is recognised for the additional tax that will be avoided/(paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

l. Pensions and other post-retirement benefits

The Company participates in two defined benefit pension schemes, the Towers Watson Pension Scheme and the Towers Perrin (UK) Retirement Plan, which require contributions to be made to separately administered funds and are accounted for as follows:

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

1. ACCOUNTING POLICIES (continued)

l. Pensions and other post-retirement benefits (continued)

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

m. Foreign currencies

Transactions in foreign currencies are 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 prevailing at that date.

The results of overseas branches are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see above).

n. Revenue recognition

Rendering of services

Revenue represents amounts chargeable to clients for professional services provided during the year including recoverable expenses on client assignments but excluding Value Added Tax.

Revenue from the supply of services represents the value of services provided under contracts and is recognised to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date revenue represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

No revenue is recognised on contingent engagements until the contingent event crystallises. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the Company.

Included as accrued income within debtors are amounts in respect of income that has been recognised but not billed by the end of the year.

Interest income

Revenue is recognised as interest accrues.

Other income

Other income is recognised when the Company's right to receive payment is established.

o. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on this basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to a review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

There are no assets held under finance leases and other similar contracts which confer rights and obligations similar to those attached to owned assets.

1. ACCOUNTING POLICIES (continued)

p. Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions 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 critical judgement, 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

Turnover relating to consulting services is recognised by reference to the stage of completion of the project, which requires the estimate of management.

Key sources of estimation uncertainty

Intangible assets - Goodwill and Other Intangibles impairment

The Company considers whether Goodwill or Other Intangibles are impaired.

Where an indication of impairment is identified, determining whether goodwill and or intangibles are impaired requires an estimation of the recoverable value through estimation techniques such as value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value. The carrying amount of intangible assets at the balance sheet date was £79,024,000 (2018 - £91,220,000), no indication of impairment was identified in either the current or prior year.

Useful economic lives of tangible fixed assets

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives, depreciation 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 11 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 12 for the carrying amount of investments in subsidiaries. No impairment was recognised in the current year (2018 - £110,000).

Impairment of loans and receivables

Management judgement is required to assess at the end of each reporting period whether there is any objective evidence that loans and receivables are impaired and, if so, to determine the amount of any impairment loss. No impairment loss was recognised in either the current or prior year.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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 17.

Funded defined benefit pension scheme

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, inflation rates, and mortality. 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. TURNOVER

Turnover principally represents fees rendered, exclusive of VAT.

Analysis of turnover by destination

	2019 £'000	2018 £'000
United Kingdom	433,796	427,504
Continental Europe	18,290	20,788
Asia	13,775	9,985
The Americas	2,903	5,469
	468,764	463,746

Analysis of turnover by business segment

	2019 £'000	2018 £'000
Human Capital and Benefits	354,949	343,981
Investment Risk and Reinsurance	113,815	119,765
Total	468,764	463,746

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Interest on loans to group undertakings	2,048	4,828
Bank interest receivable	178	87
	2,226	4,915

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £'000	2018 £'000
Net exchange losses on foreign currency borrowings less deposits	606	557
Interest on loans from group undertakings	207	824
	813	1,381

6. PROFIT BEFORE TAXATION

	2019 £'000	2018 £'000
Profit before taxation is stated after charging:		
Depreciation of tangible fixed assets		
- owned	8,764	7,492
Amortisation of goodwill and intangibles	14,714	14,242
Loss on disposal of fixed assets	111	4,134
Operating lease rentals		
- plant and machinery	1,204	1,255
- other	5,124	6,030
Foreign exchange loss	606	557

	2019 £'000	2018 £'000
Fee payable to the Company's auditor for the audit of the financial statements:		
Company	318	266
Other United Kingdom group undertakings	239	206
Total audit fees	557	472

7. STAFF COSTS

	2019 £'000	2018 £'000
Particulars of employee costs (including directors):		
Wages and salaries	234,596	230,677
Social security costs	31,005	29,424
Share-based payments (see note 23)	2,590	1,222
Other pension costs	21,570	21,426
	289,761	282,749

7. STAFF COSTS (continued)

The average number of persons employed by the Company in the year was

	2019 No.	2018 No.
Consulting	2,948	2,759
Support services	228	280
	3,176	3,039

8. DIRECTORS' REMUNERATION

	2019 £'000	2018 £'000
Emoluments	1,514	1,450
Contributions to defined contribution pension scheme	12	16
	1,526	1,466

During the year nil director (2018 - 1) received shares under long-term incentive schemes.

There were 2 directors (2018 - 1) who were members of a defined contribution scheme.

Highest paid director

	2019 £'000	2018 £'000
Emoluments	586	560
Contributions to defined contribution pension scheme	—	—
	586	560

The director did not receive shares in the period under a long-term incentive scheme (2018 - 1).

9. TAX ON PROFIT

	2019	2018
	£'000	£'000
U.K. corporate tax charge on profit for the year at 19% (2018 - 19%)		
Current year	3,785	6,287
Prior year	(790)	870
Total current tax charge	2,995	7,157
Deferred tax		
- origination and reversal of timing differences	3,071	874
- effect of decreased tax rate in future years	—	(92)
- adjustment in respect of previous period	—	(1,063)
Total tax charge for the year	6,066	6,876

9. TAX ON PROFIT (CONTINUED)

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below.

	2019 £'000	2018 £'000
Profit before taxation	29,334	28,019
Tax charge for the year at 19% (2018 - 19%)	5,573	5,324
Expenditure not deductible for tax purposes	1,157	2,487
Income receipted not taxed	(571)	(388)
R&D tax credits	—	(250)
Excess of capital allowances over depreciation	(146)	1,183
Excess of amortisation over tax relief on goodwill	634	544
Excess of pension payments over profit and loss account charge	(2,862)	(2,489)
Foreign exchange	—	(12)
Short term timing differences	—	(112)
Prior year adjustment	(790)	870
Deferred tax		
- origination and reversal of timing differences	3,071	874
- effect of decreased tax rate in future years	—	(92)
- adjustment in respect of previous period	—	(1,063)
Total tax charge for the year	6,066	6,876

	Recognised		Not recognised	
	2019	2018	2019	2018
Deferred tax	£'000	£'000	£'000	£'000
Goodwill amortisation	6,450	6,311	—	—
Capital allowances in excess of depreciation	2,931	3,675	—	—
Other short term timing differences	1,054	960	—	—
Deferred tax asset (note 13)	10,435	10,946	—	—

Deferred tax assets are recognised to the extent that the Company is profitable and recovery of the asset against future liabilities can be reasonably assured.

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. As the changes were substantively enacted prior to 31 December 2019, they have been reflected in these financial statements.

The Government announced on 11 March 2020 that the rate of corporation tax will remain at 19% from 1 April 2020. This change has not been reflected in these financial statements

During the year beginning 1 January 2020, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge for the year by £1,121,000.

There is no expiry date on the timing differences, unused tax losses or tax credits.

10 INTANGIBLE FIXED ASSETS

	Cost £'000	Amortisation £'000	Net book value £'000
Goodwill			
At beginning of year	324,907	(234,110)	90,797
Charge for the year	—	(13,792)	(13,792)
At end of year	324,907	(247,902)	77,005
Other intangible fixed assets			
At beginning of year	2,323	(1,900)	423
Retranslation of foreign exchange	(24)	24	—
Additions	2,518	—	2,518
Charge for the year	—	(922)	(922)
At end of year	4,817	(2,798)	2,019
Total intangible fixed assets			
At end of year	**329,724**	**(250,700)**	**79,024**
At beginning of year	327,230	(236,010)	91,220

11. TANGIBLE FIXED ASSETS

	Office, equipment, furniture & fittings	Total
	£'000	£'000
Cost		
At beginning of year	54,171	54,171
Additions	5,829	5,829
Transfer from fellow group company	3,572	3,572
Disposals	(2,676)	(2,676)
At end of year	60,896	60,896
Depreciation		
At beginning of year	15,521	15,521
Charge for the year	8,764	8,764
Transfer from fellow group company	2,969	2,969
Disposals	(2,565)	(2,565)
At end of year	24,689	24,689
Net book value		
At end of year	**36,207**	**36,207**
At beginning of year	38,650	38,650

12. FIXED ASSET INVESTMENTS

Subsidiary undertakings	Cost £'000	Provision for impairment £'000	Net book value £'000
At beginning of year	109,781	(40,964)	68,817
Disposals	(1,627)	1,626	(1)
At end of year	108,154	(39,338)	68,816

Trade Investment			
At beginning of year	8	—	8
Additions	1	—	1
At end of year	9	—	9

Other investments	£'000	£'000	£'000
At beginning of year	45	—	45
At end of year	45	—	45

Total fixed asset investments	£'000	£'000	£'000
At beginning of year	109,834	(40,964)	68,870
Additions	1	—	1
Disposals	(1,627)	1,626	(1)
At end of year	**108,208**	**(39,338)**	**68,870**

Disposals

During the year, Towers Watson LLC was formally struck off and the investment has been written out of the books and records.

12. FIXED ASSET INVESTMENTS (continued)

Investments

The Company holds, directly or indirectly, the issued ordinary share capital of the companies set out below in the proportions shown. Voting rights in these companies are held in the same proportion.

Direct holdings

Subsidiary undertakings	Holding	Registered office	Nature of business
Watson Wyatt Holdings Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Holding company
Towers Watson UK Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Non-trading
EMB Management Holdings Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Non-trading
Towers Watson Pension Scheme Trustees Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Trustee company
TXW Limited	100%	4 Falcon Way, Shire Park, Welwyn Garden City, Hertfordshire, England, AL7 1TW	Trustee company

Trade investment	Holding	Registered office	Nature of business
Towers Watson Saudi Arabia LLC	5.00%	Office 130, First Floor, The Plaza, Akaria Complex, Olaya Road, Olaya, Riyadh, 12331 - 4028, Saudi Arabia	Actuarial & consulting
Actuary Online (Pty) Limited	<1%	Level 4, Montclare Place, 23 Main Road, Claremont, 7708, South Africa	Holding Company
Towers Watson South Africa Holdings (Pty) Limited	<1%	Level 4, Montclare Place, 23 Main Road, Claremont, 7708, South Africa	Actuarial & consulting

Indirect holdings

Subsidiary undertakings	Holding	Registered office	Nature of business
Watson Wyatt Insurance & Financial Services Consulting Holdings Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Holding company
Watson Wyatt European Investment Holdings Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Holding company
Watson Wyatt Holdings (Europe) Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Holding company
Watson Wyatt European Region BV	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Dormant
Watson Wyatt International Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Holding company
Towers Watson (Portugal) Unipessoal Limitada	100%	Av da Liberdade, 245-4A, 1250-143 Lisbon, Lisboa, Portugal	Actuarial & consulting

13. DEBTORS

	Amounts falling due after more than one year		Amounts falling due within one year	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	—	—	83,780	75,151
Amounts owed by group undertakings	3,708	3,855	161,840	345,994
Intercompany derivative - debtor	—	—	—	391
Deferred tax asset (note 9)	10,435	10,946	—	—
Other debtors	—	—	391	1,304
Prepayments and accrued income	7,006	—	49,136	46,447
	21,149	14,801	295,147	469,287

The Company also has a number of arrangements with group companies which are facility arrangements, rather than loans arrangements, some of the arrangements allow the Company to demand repayment, whilst others do not allow the Company to demand repayment prior to the end date. At the year end £130,291,000 (2018 - £313,425,000) was due on demand and £3,708,000 (2018 - £3,855,000) was due in more than one year to the Company under these arrangements.

14. CASH AT BANK AND IN HAND

	2019	2018
	£'000	£'000
On demand	25,319	26,584
	25,319	26,584

Included within cash on demand is £1,300,000 (2018 - £400,000) over which LifeSight Limited has a charge.

15. CREDITORS: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	6,098	3,332
Amounts owed to group undertakings	51,947	107,837
Taxation and social security	32,699	29,564
Corporation tax	15,079	17,837
Accruals and deferred income	81,929	75,319
	187,752	233,889

Amounts due to group undertakings include £nil (2018 - £70,000,000) relating to loans, which were unsecured, interest bearing and have no formal terms for repayment.

16. CREDITORS: amounts falling due after more than one year

	2019 £'000	2018 £'000
Accruals and deferred income	7,839	7,897
	7,839	7,897

17. PROVISIONS FOR LIABILITIES

	Widows' annuities £'000	Claims £'000	Property costs £'000	Long term disability £'000	Post-retirement healthcare £'000	Other £'000	Total £'000
At beginning of year	9,487	7,899	5,020	648	3,109	1,893	28,056
Profit and loss account charge	1,236	3,008	159	6	91	957	5,457
Other recognised gains and losses	—	—	—	—	(153)	—	(153)
Utilised in year	(265)	(3,483)	(58)	(79)	(158)	(110)	(4,153)
At end of year	10,458	7,424	5,121	575	2,889	2,740	29,207

Provisions for widows' annuities relate to the future costs of annuities currently in payment and of annuities contingent upon the death of former partners. Payments are made on a monthly basis and is dependent on the number of eligible participants.

Provisions for claims are made for amounts identified at the end of the year relating to consulting work done prior to the balance sheet date. There is uncertainty on timing of payments due to negotiations with the claimant.

Provisions for property costs relate to dilapidation costs that may be incurred at the end of leases and the net cost of vacant accommodation.

Dilapidation costs, based on the condition of the properties, are accrued in accordance with the estimated liability arising under the leases. The actual timing of payments is dependent upon the end lease date and negotiations with the landlord.

Provision for long term disability relates to the expected future costs relating to employees on long term disability payments which are due until the normal date of retirement. Payments are made on a monthly basis and is dependent on the number of eligible participants.

The provision for post-retirement healthcare relates to the liability assumed from The Wyatt Company Holdings Limited on 1 August 2005 and relates only to retired employees of that company and its subsidiaries. Payments are made on a monthly basis and is dependent on the number of eligible participants.

Other provisions at the end of the year relate to the entitlement of certain former members of Ringley House LLP to have their pensions linked to normal basic salary at the date of their retirement. Payments are made on a monthly basis and is dependent on the number of eligible participants.

18. SHARE CAPITAL AND RESERVES

	2019 £'000	2018 £'000
Called-up, allotted and fully paid		
120,111 (2018 - 120,111) Ordinary shares of £1 each	120	120

18. SHARE CAPITAL AND RESERVES (continued)

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

A dividend of £149,890,000 was paid in the year (2018 - £16,801,000).

The Company's other reserves comprise:

- The profit and loss reserve which represents cumulative profits or losses, net of dividends paid and other adjustments.

19. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Capital commitments

As at the balance sheet date the Company was committed to capital expenditure of £nil (2018 - £nil).

Operating lease commitments

	2019 £'000	2018 £'000
The total minimum under non-cancellable operating leases are as follows :		
Land & buildings		
- within one year	5,765	5,331
- between 1 and 5 years	21,911	17,422
- after 5 years	23,624	17,626
	51,300	40,379
Other		
- within one year	68	408
- between 1 and 5 years	—	68
Total	68	476

20. PENSIONS

The Company participates in two defined benefit schemes (the Towers Watson Pension Scheme and the Towers Perrin (UK) Retirement Plan) and a multi-employer defined contribution scheme (LifeSight Master Trust).

Details of the three schemes are detailed below:

Towers Watson Pension Scheme

The Towers Watson Pension Scheme ("the Scheme"), consists of a defined benefit section and a defined contribution section. The defined benefit section closed to future accrual from 28 February 2015 following consultation with members. All members accruing benefits are now in the defined contribution section.

The Scheme is governed by a Trustee company, Towers Watson Pension Scheme Trustees Limited. The Trustee Company is required to act in accordance with the Trust Deed and the Scheme Rules, within the framework of pension and trust law.

20. PENSIONS (continued)

Towers Watson Pension Scheme (continued)

Defined contribution section

The assets representing the individual member accounts of the defined contribution section were held in units with external investment managers. Employer contributions to the defined contribution section are charged to the profit and loss account as incurred and amounted to £nil (2018 - £22,100,000) in the period. There were no outstanding or prepaid contributions at the balance sheet date.

From 1 January 2019, the defined contribution section closed and all members were transferred to the LifeSight Master Trust. All accrued funds within the section transferred to the LifeSight Master Trust during 2019.

Defined benefit section

The assets of the defined benefit section are held in a separate trustee administered fund. Strategic investment policy is set by the Trustees and Investment Committee, a body with members drawn from the Trustees and the Company, and is expressed as benchmarks for the Scheme's investment managers. Day to day management of the Scheme's assets is delegated to the Scheme's investment managers, who have discretion, within agreed limits, to deviate from their benchmarks in pursuit of enhanced returns. The suitability of the investment policy is reviewed regularly by the Trustees and Investment Committee having regard to advice from the Scheme Actuary and investment consultant.

The defined benefit section closed to future accrual from 28 February 2015. Members retain salary linkage on the final salary element of their pension whilst still in employment with the Company, subject to an underpin of the revaluation they would have received in deferment if they had left service at the date of closure.

The Scheme is subject to the statutory funding objective and must therefore aim to have sufficient and appropriate assets to cover the Scheme's liabilities on the technical provisions basis which is agreed between the Company and the Trustees of the Scheme. As at the date of the most recently completed actuarial valuation (31 March 2017) the statutory funding objective was not met and therefore, the shortfall between the Scheme's assets and its liabilities must be repaired through a payment of deficiency contributions. During the period deficit recovery payments of £12,000,000 (2018 - £11,000,000) were made to the defined benefit section of the Scheme. Deficiency contributions of £12,000,000 per annum were agreed to be paid in monthly instalments in the most recently completed valuation and for these contributions to be paid from 1 April 2018 until 31 March 2026.

The most recent comprehensive actuarial valuation was carried out by the trustees of the Scheme as at 31 March 2017 for funding purposes. The actuarial valuation has been approximately updated allowing for differences between the actuarial assumptions used by the Scheme for funding proposes and those adopted by the Company to measure the Defined Benefit Obligation (DBO), as well as adjusting for benefit accrual, benefits paid from the scheme and differences between assumed and actual pensions and salary increases between 31 March 2017 and 31 December 2018.

On 26 October 2018, the English High Court ruling in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others was published, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise benefits for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation.

The Scheme Actuary provided an approximate estimate of the impact of GMP equalisation on the value of the liabilities in the Scheme. This estimate of the financial effect of equalising benefits due to GMPs was 0.5% of total liabilities as at 31 December 2019 consistent with 31 December 2018. This is consistent with the allowance made for funding purposes and included in the calculations for the 31 March 2017 formal funding valuation.

20. PENSIONS (continued)

Towers Watson Pension Scheme (continued)

The pension cost of the Scheme has been assessed using the projected unit method. The total pension credit in respect of the Scheme in the period was £2,391,000 (2018 - debit of £824,000).

Principal assumptions

	2019 % per annum	2018 % per annum
Retail prices index inflation	2.90%	3.15%
Rate of increase in salaries	3.00%	3.00%
Pension increases in deferment	2.75%	2.95%
Rate of increase of pensions in payment - pre 97 (in excess of GMP)	2.10%	2.20%
Rate of increase of pensions in payment - post 97	2.75%	2.95%
Discount rate	2.06%	2.91%

Mortality

2019 - SAPS S2 Light tables, with multipliers of 94% for males and 89% for females, using year of birth, with CMI 2018 projections from 2007 onwards with a long term annual rate of improvements of 1.00% (2018 - SAPS S2 Light tables, with multipliers of 94% for males and 89% for females, using year of birth, with CMI 2017 projections from 2007 onwards with a long term annual rate of improvements of 1.00%).

	2019 £'000	2018 £'000
Components of the Profit and Loss account		
Analysis of amounts charged to operating profit:		
Net interest on net defined benefit asset	2,391	1,476
Plan introductions, curtailments	—	(2,300)
Gain/(loss) recognised in the profit and loss account	2,391	(824)

	2019 £'000	2018 £'000
Components of Other Comprehensive income (OCI)		
Actuarial (loss)/gain on defined benefit obligation	(68,432)	29,966
Gain/(loss) due to the investment return difference from the return implied by the discount rate	39,542	(13,960)
(Loss)/gain recognised through OCI	(28,890)	16,006

20. PENSIONS (continued)

Towers Watson Pension Scheme (continued)

Total Defined Benefit Cost	**2019 £'000**	**2018 £'000**
Gain/(cost) recognised in Profit and Loss account	2,391	(824)
Remeasurement effects recognised in OCI	(28,890)	16,006
Defined Benefit Cost	(26,499)	15,182

Net Balance Sheet position	**2019 £'000**	**2018 £'000**
Defined benefit obligation	(534,174)	(462,418)
Fair value of assets	595,853	538,596
Net defined benefit asset at end of year	61,679	76,178
Deferred tax liability	(10,485)	(12,950)
Net pension asset	51,194	63,228

	2019 £'000	**2018 £'000**
Reconciliation to the balance Sheet		
At beginning of year	76,178	49,996
Net interest on defined benefit asset	2,391	1,476
Remeasurement effects recognised in OCI	(28,890)	16,006
Plan introductions, curtailments	—	(2,300)
Employer contributions	12,000	11,000
At end of year	61,679	76,178

20. PENSIONS (continued)

Towers Watson Pension Scheme (continued)

Change in Defined Benefit Obligation (DBO)

	2019 £'000	2018 £'000
DBO at beginning of year	462,418	488,722
Interest on pension scheme liabilities	13,311	12,847
Loss/(gain) on remeasurement of defined benefit obligation	68,432	(29,966)
Plan introductions, curtailments	—	2,300
Benefits paid	(9,987)	(11,485)
DBO at end of year	534,174	462,418

Reconciliation of fair value of scheme assets

	2019 £'000	2018 £'000
Scheme assets at beginning of year	538,596	538,718
Interest income on plan assets	15,702	14,323
Return on plan assets greater than/(less than) discount rate	39,542	(13,960)
Contributions by employer	12,000	11,000
Benefits paid	(9,987)	(11,485)
Scheme assets at end of year	595,853	538,596

Return on plan assets

	2019 £'000	2018 £'000
Total return on plan assets	55,244	363

Plan asset information	2019 £'000	2019 %	2018 £'000	2018 %
Equities	259,017	43.47 %	241,345	44.81%
Property	3,456	0.58 %	3,824	0.71%
Bonds - gilts	40,995	6.88 %	42,226	7.84%
Liability matching assets	293,279	49.22 %	247,162	45.89%
Cash	(894)	(0.15)%	4,039	0.75%
Total fair value of assets	595,853	100.00 %	538,596	100.00%

20. PENSIONS (continued)

Towers Perrin (UK) Retirement Plan - description and funding policy

The Company participates in a group pension scheme, the Towers Perrin (UK) Retirement Plan, (the "Plan"), which provided benefits based on final pensionable pay. The employees of the former UK branch of Towers Perrin Pennsylvania Inc. ('the branch') who were active members of the Plan ceased active status and became deferred members of the Plan on or before 31 March 2008. The former UK branch also participated in the Towers Perrin (UK) Retirement Savings Plan, a defined contribution plan. The assets of both plans are administered by trustees in funds independent from those of the Company. All active members of the Towers Perrin (UK) Retirement Savings Plan at 1 April 2008 left that plan on or before that date and became deferred members. Subsequent contributions for these employees and new employees then became payable to a Towers Watson stakeholder arrangement.

On 24 February 2014, the principal and sponsoring employer became Towers Watson Limited. On 14 March 2014, in return for the principal employer being transferred from Towers Watson Pennsylvania Inc. to Towers Watson Limited, the Trustee of the Towers Perrin (UK) Retirement Plan received a guarantee. This guarantee is now from Willis Towers Watson plc to meet all present and future obligations and to make payments to the Plan up to a maximum amount, being equal to the amount were a debt under Section 75(2) of the Pensions Act 1995 to have become due on that date.

The Plan is subject to the statutory funding objective and must therefore aim to have sufficient and appropriate assets to cover the Plan's liabilities on the technical provisions basis which is agreed between the Company and the Trustees of the Plan. As at the date of the most recently completed actuarial valuation (1 January 2018) the statutory funding objective was met and therefore, no shortfall contributions are payable until the results of the next actuarial valuation, as at 1 January 2021, are available. During the year, total contributions of £nil were made to the Plan (2018 - £2,750,000).

Date of most recent comprehensive actuarial valuation

At the year end, the most recent comprehensive valuation that had been carried out for by the Trustee of the Plan for funding purposes as at 1 January 2018. That actuarial valuation has been approximately updated allowing for differences between the actuarial assumptions used by the Plan for funding purposes and those adopted by the Company to measure the DBO, as well as adjusting for benefits paid, member movements and differences between assumed and actual pension increases between 1 January 2019 and 31 December 2019.

On 26 October 2018, the English High Court ruling in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others was published, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise benefits for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation.

The Scheme Actuary provided an approximate estimate of the impact of GMP equalisation on the value of the liabilities in the Plan. This estimate of the financial effect of equalising benefits due to GMPs was 0.23% (2018 - 0.25%) of total liabilities as at 31 December 2019. This is consistent with the allowance made for funding purposes and included in the calculations for the 1 January 2018 formal funding valuation.

20. PENSIONS (continued)

Towers Perrin (UK) Retirement Plan (continued)

Principal assumptions	**2019**	**2018**
	% per annum	**% per annum**
Retail prices index inflation	2.95%	3.20%
Rate of increase in salaries	n/a	n/a
Discount rate - cash balance members	1.64%	2.42%
Discount rate - pension members	2.00%	2.81%
Pension increases for deferred benefits	2.00%	2.15%
Rate of increase of pensions in payment - post 97	2.10%	2.20%

Mortality

2019 : SAPS S2 "Light" tables with reference to member's birth date with CMI 2018 projections with long term improvement of 1.00% per annum (2018 : SAPS S2 "Light" tables with reference to member's birth date with CMI 2017 projections with long term improvement of 1.00% per annum).

	2019	**2018**
	£'000	**£'000**
Components of the Profit and Loss account		
Analysis of amounts charged to operating profit:		
Net interest on net defined benefit asset	670	674
Plan introductions, curtailments	—	(500)
Gain recognised in Profit and Loss account	670	174

	2019	**2018**
	£'000	**£'000**
Components of Other Comprehensive income (OCI)		
Actuarial (loss)/gain on defined benefit obligation	(16,126)	4,500
Gain/(loss) due to investment return difference from the return implied by the discount rate	17,691	(9,649)
Gain/(loss) recognised through OCI	1,565	(5,149)

	2019	**2018**
Total Defined Benefit Cost	**£'000**	**£'000**
Gain recognised in Profit and Loss account	670	174
Remeasurement effects recognised in OCI	1,565	(5,149)
Defined benefit gain/(cost)	2,235	(4,975)

20. PENSIONS (continued)

Towers Perrin (UK) Retirement Plan (continued)

Net Balance Sheet position	2019 £'000	2018 £'000
Defined benefit obligation	(219,680)	(207,672)
Fair value of assets	248,103	233,860
Net defined benefit asset at end of year	28,423	26,188
Provision against pension surplus b/f	—	(28,414)
Release of provision for the year	—	28,414
Provision against pension surplus c/f	—	—
Deferred tax liability	(4,832)	(4,452)
Recognised pension asset	23,591	21,736

Reconciliation to the Balance Sheet	2019 £'000	2018 £'000
At beginning of year	26,188	—
Net interest on defined benefit asset	670	674
Remeasurement effects recognised in OCI	(1,565)	(5,149)
Plan introductions, curtailments	—	(500)
Employer contributions paid	—	2,750
Release of provision against surplus in OCI	—	28,414
At end of year	25,293	26,189

Change in Defined Benefit Obligation (DBO)

	2019 £'000	2018 £'000
DBO at beginning of year	207,672	214,507
Interest on pension scheme liabilities	5,190	4,996
Loss/(profit) on remeasurement of defined benefit obligation	16,126	(4,500)
Plan introductions, curtailments	—	500
Benefits paid	(9,308)	(7,831)
DBO at end of year	219,680	207,672

20. PENSIONS (continued)

Towers Perrin (UK) Retirement Plan (continued)

Reconciliation of fair value of scheme assets

	2019 £'000	2018 £'000
Scheme assets at beginning of year	233,860	242,920
Interest income on plan assets	5,860	5,670
Return on plan assets greater than/(less than) discount rate	17,691	(9,649)
Contributions by employer paid	—	2,750
Benefits paid	(9,308)	(7,831)
Scheme assets at end of year	248,103	233,860

Return on plan assets

	2019 £'000	2018 £'000
Total return on plan assets	23,551	(3,978)

	2019 £'000	2019 %	2018 £'000	2018 %
Fair value of scheme assets				
Equities	62,522	25.20%	80,612	34.47%
Property	10,941	4.41%	6,525	2.79%
Bonds (Gilts)	11,686	4.71%	13,049	5.58%
Bonds (Corporate)	8,287	3.34%	3,648	1.56%
Liability matching assets	111,125	44.79%	112,463	48.09%
Cash	43,542	17.55%	17,563	7.51%
Total fair value of assets	248,103	100%	233,860	100%

LifeSight Master Trust

The company is the sponsoring employer of a multi-employer defined contribution scheme. Defined Contributions paid were paid by the employer in the year to 31 December 2019 were £25,720,000 (2018 - £875,000).

21. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The Company is a wholly owned subsidiary of TA I Limited, whose registered office is 51 Lime Street, London, EC3M 7DQ.

The ultimate parent company and controlling entity is Willis Towers Watson plc whose registered office is Willis Towers Watson plc, Elm Park, Merrion Road, Dublin 4, The Republic of Ireland and listed on NASDAQ Global Select Market.

The largest and smallest group into which the Company's financial statements are consolidated is Willis Towers Watson plc.

Consolidated financial statements of Willis Towers Watson plc. for the year ended 31 December 2019 are available on the Willis Towers Watson website at: www.willistowerswatson.com.

22. RELATED PARTY TRANSACTIONS

The Company has taken advantage, as a 100% owned subsidiary, of the exemption under Financial Reporting Standard FRS102 1.12(e), from disclosure of transactions and balances with group companies. Accordingly, transactions with Willis Towers Watson plc. and its subsidiary undertakings are not disclosed separately.

23. SHARE-BASED PAYMENTS

The ultimate parent company, Willis Towers Watson plc operates several share based payment schemes, for which UK employees participate in three.

Scheme 1

The Select Equity Plan ('SEP')

Certain employees of the Company have been invited to participate in The Select Equity Plan during 2015. In accordance with FRS102 26, the Company accounts for this scheme as an equity-settled share-based payment scheme. Following the merger with the Willis Group no further SEP's have been issued and the scheme concluded in 2018.

	2019 £'000	2018 £'000
FRS 102 26 charge during the year	—	102
Payments recorded during the year	—	1,042

Scheme 2

Restricted Stock Units

Executives and Employees

The Compensation Committee of the Willis Towers Watson plc Board of Directors approves performance-vested restricted stock unit awards pursuant to the Towers Watson & Co. 2009 Long Term Incentive Plan. RSUs are designed to provide an opportunity to offer a long-term incentive program ("LTIP") and to provide key executives with a long-term stake in our success. RSUs are notional, non-voting units of measurement based on WTW common stock. Under the RSU agreement, participants become vested in a number of RSUs based on the achievement of specified levels of financial performance during the performance period set forth in the agreement, provided that the participant remains in continuous service WTW's through the end of the performance period. Any RSUs that become vested are payable in shares of Class A Common Stock. Dividend equivalents will accrue on certain RSUs and vest to the same extent as the underlying shares. The form of performance-vested restricted stock unit award agreement includes a provision whereby the Committee could provide for continuation of vesting of restricted stock units upon an employee's termination under certain circumstances such as a qualified retirement. This definition of qualified retirement is age 55 and with 15 years of experience at the company and a minimum of one year of service in the performance period.

23. SHARE-BASED PAYMENTS (continued)

Scheme 2 (continued)

These awards are typically approved by the Compensation Committee of the WTW plc'sBoard of Directors in the first quarter of the fiscal year. The LTIP awards are generally based on the value of the executive officer's annual base salary and a multiplier, which is then converted into a target number of RSUs based on the closing stock price as of the date of grant. Between 0% and 204% of the target number of RSUs will vest based on the extent to which specified performance metrics are achieved over the applicable performance period, subject to the employee or executive officers' continued employment through the end of the performance period, except in the case of a qualified retirement. As part of the merger agreement the 204% of target number has been locked-in. For participants that meet the requirement for qualified retirement, the expense of their awards over the one-year service period as performed is recorded. The Compensation Committee approved the grants and established adjusted three-year average EPS and revenue growth during the performance period as the performance metrics for the awards. Stock-based compensation is expensed over the performance period beginning with the date of grant and adjusted for based upon the level of performance achieved.

Details of the LTIP scheme is as follows:

	2016 Award $
Grant date fair value	$ 120.58
Unvested RSUs	**No.**
At 1 January	40,531
Awarded during the year	—
Exercisable during the year	(40,531)
At 31 December	—
Exercisable at the year end	—
Exercise price on date of vesting	$ 170.76

	2019 £'000	2018 £'000
FRS 102 26 charge during the year	—	534
Payments recorded during the year	—	37

Willis Towers Watson plc has determined that it will not recharge the cost of the RSU's vesting to the Company, but in some circumstances local taxes are borne by the entity and not recharged back to group.

Scheme 3

Executives and Employees

2012 Equity Incentive Plan

This plan, which was established on April 25, 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 RSUs ("PRSUs"), 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 the Company. 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 United Kingdom.

23. SHARE-BASED PAYMENTS (continued)

Scheme 3 (continued)

Options are exercisable on a variety of dates, including from the second, third, fourth or fifth anniversary of grant. 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.

Certain employees have been invited to join this plan.

Details of the PRSU scheme is as follows:

	2019 Award	2018 Award	2017 Award	2016 Award
	$	$	$	$
Grant date fair value	$ 252.28	$ 159.62	$ 147.34	$ 124.00
Unvested RSUs	**No.**	**No.**	**No.**	**No.**
At 1 January	—	4,522	4,582	5,137
Awarded during the year	1,674	—	—	—
Vested	(1,674)	(4,522)	(4,582)	(5,137)
At 31 December	—	—	—	—
Exercisable at the year end	—	—	—	—

	2019 £'000	2018 £'000
FRS 102 26 charge during the year	1,074	441
Payments recorded during the year	(758)	—

Scheme 4

Other Schemes

Two further schemes have been awarded to employees of the Company a summary of terms are as follows:

- Certain employees have been awarded shares vesting over a three year period, and exercisable only at the end of the period if certain conditions are met.
- Certain employees were awarded shares that vested on the grant date.

23. SHARE-BASED PAYMENTS (continued)

Scheme 4 (continued)

		2019 Awards $
Grant date fair value	$	184.99
At 1 January		—
Awarded during the year		1,490
Exercisable during the year		(1,190)
At 31 December		300
Exercise price of date of vesting	$	184.99

	2019 £'000
FRS 102 26 charge during the year	185
Payments recorded during the year	(189)

24. POST BALANCE SHEET EVENTS

Since the year end the following post balance sheet event occurred:

- 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 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.

25. FORWARD EXCHANGE CONTRACTS

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year end:

	Average contractual exchange rate		Notional value		Fair value	
	2019	2018	2019	2018	2019	2018
	Rate	Rate	£'000	£'000	£'000	£'000
Sell USD						
< 3 months	n/a	1.2680	—	87,574	—	391
Total			—	87,574	—	391

A gain of £nil (2018 - gain £391,000) was recorded in the profit and loss account.