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WILLIS CORROON GROUP PLC.
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Statement by the Executive Chairman and Chief Executive

The development of the Group

1992 was a difficult year for the Group. Turnover growth was held back by the combination of low premium rates in the USA and reduced capacity in the London market, as well as by weak economic activity worldwide. Net investment income for the continuing operations fell by £14.6 million (23%) as a result of sharply lower interest rates.

All these factors put pressure on the profitability of our mainstream operations. The need to add to the reserves of the discontinued UK underwriting business came as a considerable additional disappointment.

1993 has started well. Our plans for 1993 take into account the actions we took in 1991 and 1992 which together with other initiatives will help to increase profitability. We have made many investments over two years: in the short term they have inevitably increased expenses more than revenue – in 1993 they are beginning to deliver positive returns. The pace of new developments can now reduce, although we will continue to invest in attractive opportunities to enhance service to our clients.

Since October, 1990 we have established a complete network of companies throughout continental Europe and Canada, at a capital cost of £32 million. We have also opened offices for the extension of our reinsurance services in France, Japan, Korea and Peru.

By the end of 1992 we had, over two years, recruited some 100 professionals into our US direct broking operations to enhance our services in such vital specialist areas of risk as marine and energy, aerospace and financial institutions, as well as in property and casualty fields. Over the same period we have eliminated three times as many jobs in that business unit through restructuring and streamlining the management of these operations. We have also completed 7 mergers of businesses into Willis Corroon Americas. We are now well placed both to develop our strength in middle market business and to achieve our key objective of providing a service to large national and multinational accounts.

There has been similar expansion of our other US operations. Willis Corroon Administrative Services Corporation has expanded by acquisition and by opening three new offices, in response to client needs. W F Corroon has undertaken two mergers. In G L Hodson, besides acquiring Reinsurance Alternatives Inc., we have started up a new marine and international division and introduced some outstanding new top management.

In the UK the development of our direct risk management business continues. We have followed the full acquisition of Hinton & Higgs with the establishment of a joint venture to provide risk management consultancy services to hospitals and health trusts. Willis Corroon Limited has over the last two years added four new operations to its national coverage.

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This is an impressive total of developments by the Group in two years. Every step has enhanced our ability to provide a comprehensive global service to clients. So many new ventures, compressed into so short a period in order to capitalise on the many opportunities available to the new Group, inevitably take time to generate returns to cover the cost of investment. 1993 is the year when these returns will start to appear.

Our results in 1992

Our pre-tax profit for the year ended 31 December 1992 was £42.5 million, composed of £68.2 million earned by our continuing operations and a loss of £25.7 million attributable to discontinued UK underwriting which has been in run-off since 1991. Profit before tax was £1.4 million higher (3%) than that for 1991 as presented on the FRS 3 basis used for the 1992 results.

The turnover of the continuing operations, consisting principally of worldwide risk management and insurance and reinsurance broking, rose by 5% over that for 1991 (1% in underlying terms) to £607 million; expenses of these operations rose by 9% (2% underlying).

The Group's broking and consulting operations form three business units, the turnover of which was:

	1992 (£m)	1991 (£m)	Change (%)
Willis Corroon	329.0	308.6	7
Willis Faber & Dumas	138.1	128.8	7
Consultancy & Speciality Sales	98.1	95.6	3

We have held expense growth in underlying terms to 2% by controls on staff numbers, pay and all other expense items. Underlying headcount has been reduced by over 500, mostly in the USA. Additional expense growth of 7% results from the numerous new operations in the Group, from severance and redundancy payments, and from other items which do not form part of a true comparison with 1991. Much of this additional expense arises from the re-organisation of our US broking operations, which are now well positioned to take advantage of the Group's extensive resources and opportunities.

The results of continuing operations include those for the Group's insurance companies in the USA, which continue to perform well. The results also include profits of £0.5 million earned by Coronation Insurance Company, in Canada, which was sold at the turn of the year for £3.7 million.

The further loss in our UK underwriting companies, which we decided to close in 1991, results primarily from claims on the underwriting years 1989 to 1991, and includes additional provisions for irrecoverable claims against reinsurers.

The Group's results are affected by movements in exchange rates, especially between sterling and the US dollar. The Group adheres to a long-established policy of moderating its exposure by selling forward part of the foreign currency revenue of its UK broking operations. In 1992 an average exchange rate was achieved on these sales of $1.68, compared with $1.64 achieved in 1991 and with an average 1992 market "spot" rate of $1.77. The benefit gained by hedging compared with selling at the spot rate was £4.3 million.

We maintained during 1992 the same rate of dividend as had been set in 1990, knowing that many of the adverse influences on our 1992 profits were of a transitory nature and that we were taking a great deal of positive action which would produce good returns in the future.

This rate of dividend cannot be sustained following the loss of reserves caused by the substantial deterioration in our discontinued UK underwriting operations. Your Board has decided, therefore, that it is in the interests of shareholders and of the Group to set a lower level of distribution which will enable the Group to build and maintain balance sheet reserves and cash resources as a foundation for growth and profitability.

We have accordingly declared a first quarter interim dividend for 1993 of 1.65p per share and in the absence of currently unforeseen circumstances we expect to pay similar dividends for the ensuing three quarters of the year.

Our operating environment

In 1992 the insurance business has continued to be affected by the weak performance of the world's major economies. Many of our clients have suffered from low demand, high financing costs, uncertain outlook and the need to cut back employment. This inevitably affects their demand for our services and for those of insurers.

For the insurance industry 1992 has been described by more than one commentator as the "year of the cats," referring to the string of catastrophic losses which have occurred. In the USA these began with the Los Angeles riots and continued through a variety of weather-related events culminating in Hurricane "Andrew" which has given rise to claims of an unprecedented magnitude. Expectations that the huge losses borne by US insurers would give rise to a turn in premium rates have not yet been met. Many of the classes of risk typically written in the London market, whether direct or reinsurance, have had substantial rate rises, with underwriting capacity greatly reduced for some classes such as catastrophe reinsurance.

In the UK the catastrophic losses have been in part the development, through reinsurance, of earlier years' events such as the 1990 European storms, but also further deterioration of domestic mortgage indemnity, terrorist activity, recession-related fire and theft, subsidence and so on. Many of these events have affected insurers and reinsurers elsewhere in the world as well.

This combination of factors creates a difficult operating environment and adds to the pressures for change in our business to which our strategy is designed to respond. We aim to help our clients manage their risks to shield them as far as possible from the more extreme reactions of the insurance markets This requires us to build expertise across the broadest possible range of risk and to ensure that such expertise is instantly available throughout the Group.

The planning and placing of insurance and reinsurance have a vital place in our risk management service for those areas of risk for which other forms of treatment or financing are not in our clients' best interest. The ability to devise for our clients the best possible arrangements on the most competitive terms remains at the heart of our corporate objectives.

Our people

Change can have unsettling effects, and change has been ever-present in the Group over the last year. Our staff have responded splendidly to the new challenges presented to them, maintaining high standards of quality in their work on our clients' business while meeting demands for increased productivity and adaptability.

During the year John Lamberson, one of the architects of the 1990 merger, retired from the Board. At the year-end Bob Keville and Don King also retired, after 12 years' and more than 25 years' service respectively for which we are most grateful. We wish them well.

Donald Payne joined the Board during the year, and has this year moved over from the chair of Willis Faber & Dumas to be Chief Executive of Willis Corroon. At the beginning of 1993 we appointed a further four new directors – Brian Johnson, George Nixon, Ken Pinkston and Max Taylor. All these new members of your Board have responsibility for key areas of our business and we take pride in the operational expertise and vigour among our executive directors.

We were saddened to learn of the death of Lord Pennock, for five years a valued non-executive member of the Board whose wise counsel and great experience were much appreciated by his colleagues.

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Statement by the Executive Chairman and Chief Executive

Our objectives Strategic objectives have been agreed for each main business unit in the Group for achievement within the current decade. These have been developed within the context of those for the Group as a whole, which include:

- to lead our industry in terms of quality
- to develop and strengthen activities which support our core business of risk management and risk financing including insurance and reinsurance broking and employee benefits services
- to increase the proportion of profit arising outside the UK and USA
- to generate financial returns which will encourage and justify continued support by our shareholders and will establish a sound financial foundation for the Group's future development.

The actions we have taken during 1992 and earlier were steps towards the realisation of these objectives, to which substantial and visible progress will be made in 1993.

Roger Elliott

R J Elliott *Executive Chairman*
London, 17 March 1993

Richard M Miller

R M Miller *Chief Executive*

Roger J Elliott

Executive Chairman, aged 60, joined the Group in 1950. He was appointed a director in August 1979 and Executive Chairman on 1 November 1988.

Richard M Miller

Chief Executive, aged 61, joined the Board on 8 October 1990. He was a director of Corroon & Black Corporation from April 1976, Chief Executive Officer from January 1988 and Chairman from January 1990.

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Directors

Robert F Corroon*
(non-executive)
Aged 70, joined the Board on 8 October 1990. He is a former Chairman and Chief Executive Officer of Corroon & Black Corporation. He is a Trustee of the College of Insurance and a director of the International Insurance Society, Inc.

Adrian A Gregory
Aged 61, joined the Group in 1958 and the Board in July 1980. He is responsible for the co-ordination of the Group's European activities.

Alan T Gregory CBE**
(non-executive)
Aged 67, joined the Board in September 1987. He is a former Chairman of BP Oil Limited.

Brian D Johnson*
Aged 50, joined the Board on 1 January 1993. He is an Actuary and Chairman of W F Corroon and President and Chief Executive Officer of the Special Products & Services Division.

George F Nixon*
Aged 53, joined the Board on 1 January 1993. He is Chairman and Chief Executive of the European operations of the Willis Corroon strategic business unit.

Donald H Payne
Aged 54, joined the Board on 1 July 1992. He is Chief Executive of the Willis Corroon strategic business unit. He was formerly Chairman of the Willis Faber & Dumas strategic business unit.

Kenneth H Pinkston*
Aged 50, joined the Board on 1 January 1993. He is President and Chief Executive Officer of the US Property & Casualty Programs Division.

Michael R Rendle*
(non-executive)
Aged 62, joined the Board in September 1985. He is Chairman of Markheath plc, Deputy Chairman of British Borneo Petroleum Syndicate plc and a former Managing Director of The British Petroleum Company p.l.c.

John V H Robins*
Aged 54, joined the Group and the Board in February 1984. He is the Group Finance Director and was appointed Chairman of the Group's insurance company underwriting operations on 31 March 1993. He is also a non-executive director of Church & Co plc.

Joseph M Rodgers*
(non-executive)
Aged 59, joined the Board on 8 October 1990. He served as US Ambassador to France. He is a director of several New York Stock Exchange companies including AMR Corporation/American Airlines, Inc and Bell South Telecommunications, Inc.

Allen Sykes*
(non-executive)
Aged 51, joined the Board in October 1974 and was an executive director from November 1976 until June 1986. He is a director of Lawson Mardon Group Limited and formerly a Managing Director of Consolidated Gold Fields plc.

J Max P Taylor*
Aged 45, joined the Board on 1 January 1993. He is Chairman and Chief Executive of the Willis Faber & Dumas strategic business unit. He is also a Deputy Chairman of the Lloyd's Insurance Brokers' Committee.

Arthur I Vorys**
(non-executive)
Aged 69, joined the Board on 8 October 1990. He is Of Counsel to a law firm based in Columbus, Ohio and the director of a number of US companies. He was a non-executive director of Corroon & Black Corporation for five years.

J Bransford Wallace
Aged 61, joined the Board on 8 October 1990. He is Chairman of the Willis Corroon strategic business unit. He was a director of Corroon & Black Corporation from April 1976.

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Directors' Report
for the year ended 31 December 1992

Principal activities and performance review
The Willis Corroon Group is one of the world's leading insurance and reinsurance broking organisations. The Group also provides, through its global network, specialist services in the form of risk management, financial planning, human resources and actuarial consulting. The Group also has insurance company operations in North America and a major Lloyd's members' agency. The Company acts as a holding company.

A review of the Group's operations and prospects is included in the statement by the Executive Chairman and Chief Executive on pages 2 to 6. More detailed information about the Group and its services can be found in the Annual Review which accompanies this report.

Results and dividends
The consolidated results of the Group, which give details of the profit and transfers to reserves, appear on page 13.

The Company pays interim dividends on a quarterly basis, with payments being made on the first business day of April, July, October and January. For the year ended 31 December 1992 the Company paid four interim dividends of 3.3p each giving a total dividend for that year of 13.2p per share (1991 13.2p per share). There will be no final dividend for the year ended 31 December 1992 (1991 same).

A first interim dividend in respect of the year ending 31 December 1993 of 1.65p per share will have been paid on 1 April 1993 to the shareholders on the register at the close of business on 15 March 1993.

Tangible assets
The changes in the Group's tangible assets can be found in note 10 on page 25.

Last year the directors reported that property market conditions had affected the current market value of the Group's principal freehold properties. During 1992 the property market has deteriorated further, particularly for commercial properties within London. This has meant, using the required basis of valuation, that the current aggregate market value of these properties is approximately £32 million below their net book value.

The principal freehold properties are for long-term occupation by the Group; during 1992 they have been augmented by the opening of Willis Corroon Plaza in Nashville and the commencement of the modernisation of our Ten Trinity Square head office. The directors believe that, after considering all material factors, including the Group's long-term commitment to, and continuing investment in, these major corporate headquarters, the current market value does not indicate any permanent reduction in the value of these properties to the Group.

Directors
The present directors are named on pages 6 and 9. D H Payne was appointed a director on 1 July 1992 and B D Johnson, G F Nixon, K H Pinkston and J M P Taylor were appointed directors on 1 January 1993. All of them hold office in accordance with the Company's Articles of Association only until the forthcoming Annual General Meeting but, being eligible, offer themselves for re-election.

All the other directors held office throughout the year. J R Lamberson retired from the Board on 1 July 1992 and R B Keville and D R King retired on 31 December 1992.

In accordance with the Company's Articles of Association, M R Rendle, A Sykes and J B Wallace retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

No director offering himself for re-election has a contract of service of more than one year's duration.

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The Company maintains directors' and officers' insurance to protect against any liability which would otherwise attach to its directors and officers in respect of any negligence, default, breach of duty or trust in relation to the Company.

Details of directors' interests in shares and contracts are shown on pages 39 and 40.

Employment policies

The Group remains committed to keeping all employees fully informed about matters relating to the business through electronic mail as well as by conventional methods of written and oral briefings. Senior executives have a specific responsibility to communicate effectively and to promote a better understanding by employees of the Group's activities and performance in addition to their own operational areas.

The Group also remains committed to the philosophy of encouraging its employees to develop their full potential and thereby maximise their contribution to the Group. This commitment is achieved through the adoption and implementation of policies and procedures that are fair, non-discriminatory and which provide real opportunities for development.

The Group's remuneration policy recognises and rewards personal contribution to the success of the business. A key part of this policy is a formal evaluation of performance at least once a year. The commitment to training, both internal and external, for all levels of employee, and the provision of support and facilities for employees taking professional examinations, also continues.

Disabled employees

It is the Group's policy that disabled people are not discriminated against on the grounds of their disability and that they receive equal opportunities in employment continuity, training and career development.

Employee share ownership

The policy continues of encouraging employees' further involvement in the Group's performance by providing, wherever practicable, attractive opportunities for share ownership.

The Trustees of the UK and Irish Profit Sharing Schemes are to be allocated approximately £764,000 (1991 £977,000) to be applied in subscribing for fully paid ordinary shares in the Company on behalf of some 4,500 eligible employees. In 1992 such Trustees acquired in the market 438,895 ordinary shares in the Company for allocation to 3,990 employees. At 31 December 1992 the Trustees held 1,645,610 shares which represented approximately 0.4% of the Company's issued share capital at that date.

During 1992 Willis Corroon Corporation allocated approximately $5,316,000 (1991 $4,976,000) to the Trustee of the Willis Corroon Corporation 401(k) retirement plan for employees to be used to purchase the Company's American Depositary Shares ("ADSs"). The Trustee, in 1992, using these funds and the contributions received from employees, acquired 2,717,425 shares (543,485 ADSs). At 31 December 1992 the Trustee held 15,569,075 shares (3,113,815 ADSs) which, at that date represented 3.74% of the Company's issued share capital.

Substantial interests

As at 9 March 1993, the Company had advice of the following declarable interests of 3% or more of the Company's issued share capital:

Morgan Guaranty Trust Company of New York *	28.69%
Robert Fleming Holdings Limited and its subsidiaries	5.20%

* Held as Depositary in respect of ADSs evidencing the Company's ordinary shares.

Charitable and political donations

During the year the Group made contributions for charitable purposes of £422,000 in the UK and of £66?,000 in the USA. Many of the contributions were to organisations supporting education, youth and general welfare programmes.

Contributions of £40,000 to the Conservative Party and £1,000 to Aims of Industry were made in the UK in 1992. No political donations will be made in 1993.

Auditors

Ernst & Young are willing to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

General information

The Company is not a close company as defined by the Taxes Act and this position has not changed since the end of the financial year.

A statement was made to the Department of Trade and Industry in accordance with the code of conduct for companies with interests in South Africa prior to the Group ceasing to have interests in that country.

Annual General Meeting — special business

The items of special business to be proposed at the Annual General Meeting, notice of which appears on pages 51 and 52, are summarised below.

Resolution 4 will renew the directors' authority to issue shares for a non-cash consideration and to issue shares for cash other than to existing shareholders up to an aggregate nominal amount equal to approximately 5% of the shares in issue.

Resolution 5 renews the authority for the Company to buy by way of market purchases up to 41 million of its own shares being approximately 10% of the present issued share capital. The proposal should not be taken as an indication that the Company will purchase its own shares. Your directors would only exercise the power to effect the purchase by the Company of its own shares at price levels which they considered to be in the interests of the shareholders, after taking account of the Group's overall financial position, and which, in particular, would lead to a beneficial impact on the earnings per share of the Company.

Resolution 6 will renew the directors' authority to offer shareholders a scrip dividend in respect of any dividend declared before the Annual General Meeting to be held in 1994.

The directors consider that all the above proposals are in the interests of the Company and its shareholders. The directors will vote in favour of the proposals in respect of their own beneficial shareholdings.

By Order of the Board
J V Ambrose Jr
M P Chitty
Joint Secretaries
Ten Trinity Square
London EC3P 3AX
17 March 1993

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Group Profit and Loss Account
for the year ended 31 December 1992

	Note	1992 £m	1992 £m	1991 £m	1991 £m
Turnover from operations			642.4		626.2
Less turnover of associated undertakings			(15.9)		(11.1)
Continuing operations (acquisitions £9.4m)		607.2		577.3	
Discontinued operations		19.3		37.8	
Group turnover	1		626.5		615.1
Operating profit					
Continuing operations (acquisitions £0.5m)			68.5		100.6
Discontinued operations			(25.2)		(33.5)
Operating profit	2		43.3		67.1
Provision on cessation of UK underwriting	3		–		(28.6)
Profit on disposal of operations	3		0.3		1.5
Share of profit of associated undertakings			4.4		5.0
Interest payable	1		(5.5)		(3.9)
Profit on ordinary activities before taxation			42.5		41.1
Tax on profit on ordinary activities	6		(15.8)		13.4
Profit on ordinary activities after taxation			26.7		54.5
Minority interests			(0.2)		(0.4)
Profit for the financial year	7		26.5		54.1
Dividends	8		(54.5)		(53.5)
(Loss)/profit retained	20		(28.0)		0.6
Earnings per share on total operations	9		6.4p		13.3p
Earnings per share on continuing operations	9		10.7p		16.9p

Group Cash Flow Statement

for the year ended 31 December 1992

	Note	1992 £m	1992 £m	1991 £m	1991 £m
Net cash inflow from operating activities	2		230.2		129.2
Returns on investment and servicing of finance					
Interest paid		(5.1)		(5.2)	
Interest element of finance lease rental payments		(0.4)		(0.7)	
Dividends received from associated undertakings		4.3		3.5	
Dividends paid		(54.9)		(54.7)	
Net cash outflow from returns on investment and servicing of finance			(56.1)		(57.1)
Taxation					
UK Corporation tax paid		(11.9)		(25.8)	
Overseas tax paid		(9.3)		(13.9)	
Tax paid			(21.2)		(39.7)
Investing activities					
Purchase of tangible fixed assets		(46.3)		(59.9)	
Purchase of subsidiary undertakings (net of cash and cash equivalents acquired)		(8.4)		(11.9)	
Purchase of associated undertakings		(14.6)		(7.8)	
Purchase of short term investments		(332.2)		(471.1)	
Sale of short term investments		451.8		498.8	
Sale of subsidiary undertakings		4.4		–	
Sale of associated undertakings		4.0		3.1	
Sale of tangible fixed assets		2.7		6.3	
Net cash inflow/(outflow) from investing activities			61.4		(42.5)
Net cash inflow/(outflow) before financing			214.3		(10.1)
Financing					
Issue of ordinary share capital	25	1.2		4.2	
New medium term loans	25	19.0		8.3	
Net cash inflow from financing			20.2		12.5
Increase in cash and cash equivalents	25		234.5		2.4

Balance Sheets
at 31 December 1992

	Note	Group 1992 £m	Group 1991 £m	Company 1992 £m	Company 1991 £m
Fixed assets					
Tangible assets	10	211.2	182.3	–	–
Investments	11	14.1	14.2	61.2	50.3
		225.3	196.5	61.2	50.3
Current assets					
Debtors	12	1,319.0	1,115.8	294.6	274.7
Investments	13	308.0	203.6	–	–
Deposits and cash		622.3	557.5	–	6.1
		2,249.3	1,876.9	294.6	280.8
Current liabilities					
Creditors: amounts falling due within one year	14	(1,896.0)	(1,524.6)	(48.2)	(35.3)
Net current assets		353.3	352.3	246.4	245.5
Total assets less current liabilities		578.6	548.8	307.6	295.8
Creditors: amounts falling due after more than one year	15	(151.8)	(103.9)	(128.2)	(82.4)
Provisions for liabilities and charges					
Insurance funds	17	(193.1)	(165.0)	–	–
Other provisions	18	(68.8)	(73.4)	–	–
		164.9	206.5	179.4	213.4
Capital and reserves					
Called up share capital	19	52.0	51.2	52.0	51.2
Share premium	19	14.0	12.8	14.0	12.8
Revaluation reserve	20	43.2	43.2	–	–
Other reserves	20	1.4	1.4	1.4	1.4
Profit and loss account	20	52.1	96.0	112.0	148.0
Shareholders' funds		162.7	204.6	179.4	213.4
Minority interests		2.2	1.9	–	–
		164.9	206.5	179.4	213.4

Approved on behalf of the Board on 17 March 1993 and signed by:

R J Elliott
Executive Chairman

R W Miller
Chief Executive

J V H Robins
Group Finance Director

Basis of preparation

The Group accounts have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings and comply with accounting standards applicable in the United Kingdom.

Since the previous Annual Report, the following changes of accounting policy or presentation have been introduced:

- Financial Reporting Standard No. 3 ("FRS 3") – Reporting Financial Performance – has been adopted. FRS 3 prescribes a new format for the profit and loss account, virtually eliminates extraordinary items and changes the basis on which earnings per share is calculated.
- the profit or loss on disposal of a previously acquired business now includes the attributable amount of purchased goodwill relating to that business. This change of presentation in the profit and loss account does not affect shareholders' funds.

Comparative figures have been restated accordingly.

Basis of consolidation

The Group accounts incorporate those of the Company and its subsidiary undertakings together with the Group's share of the results and net assets of associated undertakings based on accounts drawn up to 31 December.

The results of subsidiary and associated undertakings acquired or disposed of during the year are included from or to the relevant dates of acquisition or disposal.

Goodwill arising from acquisitions is eliminated against reserves.

Broking companies

The Group takes credit for brokerage income at the date when the insured is debited or at the inception date of the policy, whichever is the later. Brokerage on return and additional premiums and adjustments is brought into account as and when these occur.

Underwriting agencies

Profit commission is brought into account in the accounting period in which it is received; fees and other commissions are accounted for on a receivable basis.

Insurance companies

The underwriting results of overseas subsidiaries are determined on a one year basis after making provisions for unearned premiums and outstanding claims, including claims incurred but not reported.

The underwriting results of discontinued UK-based subsidiaries are determined on a "three year fund" basis. The net revenue is carried forward as a fund at the end of the accounting year and is compared annually with the estimated outstanding liabilities, including claims incurred but not reported. Surpluses and deficits emerging are transferred to or from the profit and loss account, but no surpluses are transferred from the funds during the first two development years of any underwriting year.

The level of the insurance fund is set on the basis of information currently available, including potential outstanding loss advices, experience of development of similar claims and case law. The insurance funds include estimates of amounts in respect of potential claims and reinsurance recoveries relating to environmental pollution, asbestos and other claims of a similar nature. Legislative and judicial actions to date have failed to determine the basis of liability to indemnify many of these losses. These claims are not expected to be settled for many years and there is considerable uncertainty as to the amounts at which they will be settled. The ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Such adjustments are reflected in the financial statements for the period in which they are made. The methods used, and the estimates made, are reviewed regularly.

Currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or, in the case of forward contracts in respect of the current year's income, at the contracted rate. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the translation of the net assets of overseas subsidiary and associated undertakings, and the exchange differences arising on foreign currency borrowings taken out to provide a hedge against the exchange risk associated with those investments, are taken to reserves.

The results of overseas subsidiary and associated undertakings are translated into sterling at the average rates of exchange for the year and the adjustment to year end rates is taken to reserves. Other exchange differences are taken to the profit and loss account.

Depreciation

Depreciation is calculated on a straight line basis at rates estimated to write down the value of assets over their expected useful lives. Depreciation on freehold buildings and long leaseholds is provided at 2% per annum. Other leaseholds are written off over the remaining period of the lease. Depreciation on fixed plant, furniture, equipment and vehicles is provided at rates between 4% and 25% per annum. No depreciation is provided on freehold land.

Insurance broking debtors and creditors

In the ordinary course of insurance broking business, settlement is required to be made with certain markets, market settlement bureaux or insurance intermediaries on the basis of the net balance due to or from the market, bureau or intermediary in question, rather than the amounts due to or from the individual third parties which it represents. This basis of settlement is reflected in the amounts included in trade debtors and creditors.

Deferred tax

Provision for deferred tax is made using the liability method for all timing differences to the extent that it is probable that a liability will crystallise.

Where dividends are expected to be paid by overseas subsidiary and associated undertakings, provision has been made for any UK or overseas taxes that would arise on remittance.

No provision is made for tax that would be payable on the disposal of revalued properties until it is decided in principle to dispose of the asset.

Pensions

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

Note 1 SEGMENTAL ANALYSIS

The Group's continuing operations comprise its insurance broking activities, which include its consulting and Lloyd's members' agency operations, and US underwriting.

The Group's discontinued operations comprise its UK underwriting activities which ceased during 1991. In last year's accounts, losses arising after the date of implementing the decision to withdraw from UK underwriting, including provisions for all known and anticipated claims, were shown as an extraordinary item. FRS 3 requires the results of a discontinued operation to be included in operating profit and provisions in respect of the termination of an operation to be shown as an exceptional item. Accordingly, the profit before tax in 1991 has been restated to include losses of £55.6m previously reported as an extraordinary item.

Business analysis	Continuing			Discontinued	Total
	Broking	Underwriting	Total	Underwriting	
	£m	£m	£m	£m	£m
1992					
Group turnover	568.8	38.4	607.2	19.3	626.5
Interest and investment income	41.7	12.2	53.9	3.4	57.3
Operating revenue	610.5	50.6	661.1	22.7	683.8
Operating expenses	(555.9)	(12.8)	(568.7)	(11.1)	(579.8)
Underwriting claims	–	(23.9)	(23.9)	(36.8)	(60.7)
Operating profit	54.6	13.9	68.5	(25.2)	43.3
Profit on disposal of operations	0.3	–	0.3	–	0.3
Share of profit of associated undertakings	4.4	–	4.4	–	4.4
Interest payable	(4.9)	(0.1)	(5.0)	(0.5)	(5.5)
Profit on ordinary activities before taxation	54.4	13.8	68.2	(25.7)	42.5
1991					
Group turnover	537.3	40.0	577.3	37.8	615.1
Interest and investment income	55.6	11.8	67.4	4.4	71.8
Operating revenue	592.9	51.8	644.7	42.2	686.9
Operating expenses	(508.7)	(12.3)	(521.0)	(18.9)	(539.9)
Underwriting claims	–	(23.1)	(23.1)	(56.8)	(79.9)
Operating profit	84.2	16.4	100.6	(33.5)	67.1
Provision on cessation of UK underwriting	–	–	–	(28.6)	(28.6)
Profit on disposal of operations	1.5	–	1.5	–	1.5
Share of profit of associated undertakings	5.0	–	5.0	–	5.0
Interest payable	(3.9)	–	(3.9)	–	(3.9)
Profit on ordinary activities before taxation	86.8	16.4	103.2	(62.1)	41.1

Continuing operations in 1992 includes the following amounts relating to acquisitions: investment income £0.1m, operating revenue £9.5m, expenses £9.0m and operating profit £0.5m. Interest payable has been allocated to discontinued operations on the basis of funds provided by the Group since discontinuance at the average cost of the Group's sterling borrowings.

Note 1 **SEGMENTAL ANALYSIS (continued)**

Geographical analysis by location of client of continuing operations	Broking 1992 £m	Broking 1991 £m	Underwriting 1992 £m	Underwriting 1991 £m	Total 1992 £m	Total 1991 £m
Group turnover						
United Kingdom	149.1	144.3	1.4	–	150.5	144.3
United States of America	330.1	322.4	34.7	38.7	364.8	361.1
Rest of the world	89.6	70.6	2.3	1.3	91.9	71.9
	568.8	537.3	38.4	40.0	607.2	577.3

The above table analyses the turnover of the broking and underwriting operations by the address of the client from whom the business is derived. This does not necessarily reflect the original source or location of the business.

Geographical analysis by location of company of continuing operations	Broking 1992 £m	Broking 1991 £m	Underwriting 1992 £m	Underwriting 1991 £m	Total 1992 £m	Total 1991 £m
Group turnover						
United Kingdom	249.5	225.2	–	–	249.5	225.2
United States of America	301.9	290.9	35.5	35.7	337.4	326.6
Rest of the world	17.4	21.2	2.9	4.3	20.3	25.5
	568.8	537.3	38.4	40.0	607.2	577.3
Operating revenue						
United Kingdom	280.1	271.8	–	–	280.1	271.8
United States of America	307.6	300.0	45.7	44.7	353.3	344.7
Rest of the world	22.8	21.1	4.9	7.1	27.7	28.2
	610.5	592.9	50.6	51.8	661.1	644.7
Operating profit						
United Kingdom	51.5	57.5	–	–	51.5	57.5
United States of America	1.5	23.6	12.3	12.6	13.8	36.2
Rest of the world	1.6	3.1	1.6	3.8	3.2	6.9
	54.6	84.2	13.9	16.4	68.5	100.6
Net assets						
United Kingdom	81.0	97.7	–	–	81.0	97.7
United States of America	52.8	52.8	45.6	34.9	98.4	87.7
Rest of the world	16.0	32.7	7.0	10.1	23.0	42.8
	149.8	183.2	52.6	45.0	202.4	228.2

Analysis of underwriting turnover of continuing operations	1992 £m	1991 £m
Premiums written	63.4	72.9
Reinsurance ceded	(26.5)	(34.3)
Movement in provisions for unearned premiums	0.3	0.6
Net premiums earned	37.2	39.2
Underwriting agencies fees and commissions	1.2	0.8
	38.4	40.0

Note 2 **OPERATING PROFIT**

	1992 £m	1991 £m
Operating profit was arrived at after (crediting)/charging:		
Interest receivable	(33.3)	(38.7)
Investment income		
Listed investments	(10.3)	(10.6)
Unlisted investments	(13.7)	(20.6)
Investment profit	–	(1.9)
Interest and investment income	(57.3)	(71.8)
Auditors' remuneration		
Audit fees	1.5	1.7
Other services provided by Ernst & Young in the United Kingdom	0.2	0.2
Bad debts		
Amounts written off and movement in provisions	1.0	3.8
Depreciation on		
Owned assets	23.5	20.7
Finance leased assets	1.8	1.8
Operating lease rentals		
Land and buildings	15.6	10.9
Equipment	6.3	4.4

Reconciliation of operating profit to net cash inflow from operating activities	1992 £m	1991 £m
Operating profit	43.3	67.1
Depreciation charged	25.3	22.5
Loss on sale of tangible fixed assets	2.9	0.2
Decrease in debtors	(4[illegible]3)	(24.4)
Increase in creditors	184.[illegible]	47.3
Increase in insurance funds	28.8	35.8
Utilisation of provisions	(10.0)	(19.3)
Net cash inflow from operating activities	230.2	129.2

Note 3 EXCEPTIONAL ITEMS

(a) The provision on cessation of UK underwriting made in 1991 relates to the net cost of future claims handling.

(b) The net profit on disposal of operations includes the attributable amount of purchased goodwill of £3.4m (1991: £2.2m).

Note 4 INTEREST PAYABLE

	1992 £m	1991 £m
Bank loans, overdrafts and other loans repayable within five years	5.5	5.2
Finance charges payable under finance leases	0.3	0.7
	5.8	5.9
Interest capitalised	(0.3)	(2.0)
	5.5	3.9

Note 5 EMPLOYEES

	1992 £m	1991 £m
Salaries and associated expenses		
Salaries	274.9	278.7
Social security costs	30.2	28.8
Other pension costs	22.3	21.3
	327.4	328.8

	Average for year		31 December	
Number of Group employees	1992 Number	1991 Number	1992 Number	1991 Number
Broking	11,504	11,092	11,177	11,167
Underwriting	202	277	158	226
	11,706	11,369	11,335	11,393

Note 6 TAX ON PROFIT ON ORDINARY ACTIVITIES	1992 £m	1991 £m
Charge for the year		
UK corporation tax at 33% (33.25%)	12.4	13.1
Double tax relief	(3.5)	(0.3)
	8.9	12.8
Overseas tax	9.7	13.9
Deferred tax	(3.3)	(13.6)
	15.3	13.1
Associated undertakings	0.5	0.4
	15.8	13.5
Exceptional item:		
Release of provision for tax on capital gains no longer required	-	(26.9)
Charge for the year	15.8	(13.4)

The tax charge for the year includes tax relief of £7.7m relating to the discontinued operations.

Note 7 COMPANY PROFIT

The profit dealt with in the accounts of the Company amounted to £18.5m (1991: £72.2m). The profit and loss account of the Company is not presented as part of these accounts, as permitted by section 230 of the Companies Act 1985 (as amended).

Note 8 DIVIDENDS

	1992 pence per share	1991 pence per share	1992 £m	1991 £m
First interim	3.3	3.3	13.5	13.3
Second interim	3.3	3.3	13.7	13.3
Third interim	3.3	3.3	13.7	13.4
Fourth interim	3.3	3.3	13.7	13.5
	13.2	13.2	54.6	53.5
Dividends taken in the form of shares			(0.1)	–
			54.5	53.5

Note 9 EARNINGS PER SHARE

The earnings per share has been calculated using the attributable earnings of £26.5m (1991: £54.1m) and the weighted average number of ordinary shares in issue during the year of 414.7 million (1991: 405.5 million). To allow shareholders to assess the results of the Group's continuing operations, the earnings per share is also presented on a continuing basis and has been calculated after making the following adjustments:

	1992 £m	1991 £m	1992 pence per share	1991 pence per share
Earnings on total operations	26.5	54.1	6.4	13.3
Loss after tax relief of discontinued operations	18.0	41.5	4.3	10.2
Release of tax provision	–	(26.9)	–	(6.6)
Earnings on continuing operations	44.5	68.7	10.7	16.9

Note 10 TANGIBLE ASSETS

	Land and buildings £m	Furniture equipment and vehicles £m	Total £m
Cost or valuation			
1 January 1992	123.6	120.6	244.2
Exchange adjustments	8.0	8.6	16.6
Additions	18.8	31.9	50.7
Disposals	(1.3)	(17.4)	(18.7)
31 December 1992	149.1	143.7	292.8
Depreciation			
1 January 1992	(10.0)	(51.9)	(61.9)
Exchange adjustments	(0.9)	(6.4)	(7.3)
Provisions for year	(3.6)	(21.7)	(25.3)
Disposals	0.9	12.0	12.9
31 December 1992	(13.6)	(68.0)	(81.6)
Net book value			
31 December 1992	135.5	75.7	211.2
31 December 1991	113.6	68.7	182.3

Net book value of land and buildings	1992 £m	1991 £m
Freehold		
Land	52.4	52.9
Buildings	69.6	51.0
Leasehold		
Long	1.1	1.4
Short	12.4	8.3
	135.5	113.6

Certain land and buildings in the United Kingdom were valued at 31 December 1988. The book value of these revalued properties at 31 December 1992 was £78.6m (1991: £70.0m) and the accumulated depreciation was £5.7m (1991: £4.7m); the historical cost was £36.9m (1991: £28.3m) and the accumulated depreciation was £6.9m (1991: £5.7m). No tax would be payable on the realisation of revalued properties at their net book value by virtue of available capital losses.

The net book value of assets held under finance leases included within furniture, equipment and vehicles was £3.7m (1991: £4.7m).

The net book value of freehold buildings includes capitalised interest of £2.9m (1991: £2.6m).

Note 11 INVESTMENTS HELD AS FIXED ASSETS

Group	Associated undertakings: Share of net assets £m	Associated undertakings: Loans £m	Other investments: Cost £m	Total £m
Cost and net book value				
1 January 1992	12.4	0.5	1.3	14.2
Exchange adjustments	1.2	(0.1)	0.1	1.2
Additions	1.2	–	0.2	1.4
Disposals	(1.4)	(0.2)	(0.7)	(2.3)
Share of retained profit of associated undertakings	(0.4)	–	–	(0.4)
31 December 1992	13.0	0.2	0.9	14.1

Company	Subsidiary undertakings: Shares £m	Subsidiary undertakings: Loans £m	Associated undertakings: Shares £m	Other investments £m	Total £m
Cost					
1 January 1992	57.1	3.8	7.8	0.5	69.2
Additions	19.3	6.3	8.7	–	34.3
Transferred from/(to) subsidiaries	4.5	–	(16.5)	–	(12.0)
31 December 1992	80.9	10.1	–	0.5	91.5
Provision					
1 January 1992	(18.9)	–	–	–	(18.9)
Provided during year	(11.4)	–	–	–	(11.4)
31 December 1992	(30.3)	–	–	–	(30.3)
Net book value					
31 December 1992	50.6	10.1	–	0.5	61.2
31 December 1991	38.2	3.8	7.8	0.5	50.3

The Group's share of retained profit of associated undertakings at 31 December 1992 was £10.6m (1991: £11.0m).

Merger relief under Section 131 of the Companies Act 1985 (as amended) has been applied and, where applicable, ordinary shares were issued in connection with acquisitions at nominal value.

Note 12 DEBTORS	Group 1992 £m	Group 1991 £m	Company 1992 £m	Company 1991 £m
Due within one year				
Trade debtors	1,184.4	994.9	–	–
Amounts owed by subsidiary undertakings	–	–	244.7	244.2
Amounts owed by associated undertakings	1.3	1.7	–	–
Corporate tax	5.9	6.0	33.7	20.9
Prepayments and accrued income	26.4	20.7	0.1	0.3
Pension contributions prepaid	–	1.0	–	–
Other debtors	40.1	31.3	0.9	1.6
	1,258.1	1,055.6	279.4	267.0
Due after more than one year				
Trade debtors	3.7	9.8	–	–
Other debtors	19.1	23.3	3.3	3.3
Advance corporation tax recoverable	12.5	4.5	12.0	4.1
Deferred taxation	25.6	22.6	(0.1)	0.3
	1,319.0	1,115.8	294.6	274.7
Deferred taxation is as follows:				
1 January	22.6	(17.4)	0.3	(27.9)
Transfer from profit and loss account	3.3	40.5	–	28.2
Arising from acquisitions	(1.3)	–	–	–
Other adjustments	1.0	(0.5)	(0.4)	–
31 December	25.6	22.6	(0.1)	0.3

The deferred tax asset mainly comprises timing differences arising from the provisions in respect of potential claims and cessation of UK underwriting activities. The deferred tax asset will be recovered as expenditure charged against the provisions is relieved against future taxable profits.

Note 13	INVESTMENTS HELD AS CURRENT ASSETS	1992 £m	1991 £m
	Listed investments	182.0	50.2
	Unlisted investments	126.0	153.4
		308.0	203.6

Of the listed and unlisted investments, £149.3m (1991: £111.5m) are held by the Group's US insurance companies and £28.9m (1991: £26.6m) by the discontinued UK insurance companies.

Market value of listed investments	1992 £m	1991 £m
London Stock Exchange	116.3	50.3
Overseas stock exchanges	66.1	1.5
	182.4	51.8

Note 14	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 1992 £m	Group 1991 £m	Company 1992 £m	Company 1991 £m
	Bank loans and overdrafts	43.8	55.6	–	10.0
	Trade creditors	1,698.4	1,341.0	–	–
	Amounts owed to subsidiary undertakings	–	–	30.1	8.8
	Amounts owed to associated undertakings	3.6	13.3	–	–
	Corporate tax	13.5	4.0	–	–
	Income tax and social security	6.0	3.9	–	–
	Accruals, unearned premiums and other deferred income	50.0	33.7	0.7	0.9
	Dividend payable	14.3	13.5	14.3	13.5
	Finance lease obligations	1.0	1.8	–	–
	Other creditors	65.4	57.8	3.1	2.1
		1,896.0	1,524.6	48.2	35.3

	Group		Company	
Note 15 **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**	1992 £m	1991 £m	1992 £m	1991 £m
Bank loans	131.5	86.9	126.6	81.4
Trade creditors	5.9	5.9	–	–
Finance lease obligations falling due between one and five years	1.4	1.9	–	–
Accruals and deferred income	12.8	8.8	1.6	1.0
US dollar 7.5% convertible subordinated debentures	0.2	0.4	–	–
	151.8	103.9	128.2	82.4
Bank loans repayable				
between one and two years	100.7	0.9	100.1	–
between two and three years	27.4	82.4	26.5	81.4
between three and four years	0.6	1.0	–	–
between four and five years	0.6	1.0	–	–
in more than five years	2.2	1.6	–	–
	131.5	86.9	126.6	81.4

The US dollar 7.5% convertible subordinated debentures are due in June 2005 and are convertible into the Company's ordinary shares at $3.59 per share.

Note 16 **FINANCE LEASE OBLIGATIONS**	1992 £m	1991 £m
Payments falling due within one year	1.2	2.1
between one and two years	0.9	1.0
between two and three years	0.4	0.8
between three and four years	0.2	0.3
	2.7	4.2
less imputed interest	(0.3)	(0.5)
	2.4	3.7

Note 17 INSURANCE FUNDS	1992 £m	1991 £m
Continuing operations	108.7	94.8
Discontinued operations	84.4	70.2
	193.1	165.0

Note 18 OTHER PROVISIONS	Merger rationalisation £m	Claims £m	Discontinued operations £m	Total £m
1 January 1992	17.8	20.7	34.9	73.4
Exchange and other adjustments	1.1	2.8	1.7	5.6
Arising from/(transfer to) profit and loss account	–	3.5	(3.7)	(0.2)
Used in the year	(8.8)	(0.9)	(0.3)	(10.0)
31 December 1992	10.1	26.1	32.6	68.8

The claims provisions include estimates for liabilities that may arise from potential claims for errors and omissions which may not be covered by insurance arrangements.

Note 19 CALLED UP SHARE CAPITAL AND SHARE PREMIUM	1992 Number (million)	1991 Number (million)
Authorised share capital Ordinary shares of 12.5p each	528	528

Allotted and fully paid	Called Up Share Capital Number (thousand)	£m	Share Premium £m
1 January 1992	409,995	51.2	12.8
Issued for acquisitions	5,977	0.7	–
Other issues	705	0.1	1.2
31 December 1992	416,677	52.0	14.0

(a) The Company issued on 13 April 1992 5.977.495 shares to the vendors of Reinsurance Alternatives Inc.

(b) 495.108 shares were issued during the year under either the Company's or Willis Corroon Corporation's share option schemes. A further 146.235 shares were issued on conversion of the US subordinated debentures and 63.345 shares were issued in accordance with the Company's scrip dividend scheme.

(c) During the year the Company granted under the Executive Option Scheme (1984), the International Executive Option Scheme and the Savings-Related Share Option Scheme (1981) options to subscribe for 1.285.644, 916.692 and 1.999.656 ordinary shares respectively.

(d) A vendor of Richards, Melling Inc. which was acquired by the Group on 24 January 1992, received 563.580 preferred shares in the Group's Canadian holding company which are convertible into 563.580 shares of the Company. 371.886 of the preferred shares are convertible at any time up to 31 December 2002. The balance of 191.694 preferred shares are convertible in five annual tranches on or after 24 January 1993 but no later than 31 December 2002.

(e) The Company has a commitment to issue up to a maximum of 124.500 shares by 15 January 1995 to the vendors of I. Berman Company Inc., a US company acquired on 17 December 1991.

Note 20 RESERVES	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Group				
1 January 1992	43.2	1.4	96.0	140.6
Arising from acquisitions	–	14.4	–	14.4
Goodwill eliminated on acquisitions	–	(14.4)	(35.7)	(50.1)
Goodwill reinstated on disposals	–	–	3.4	3.4
Retained loss for the year	–	–	(28.0)	(28.0)
Exchange and other adjustments	–	–	16.4	16.4
31 December 1992	43.2	1.4	52.1	96.7
Company				
1 January 1992	–	1.4	148.0	149.4
Retained loss for the year	–	–	(36.0)	(36.0)
31 December 1992	–	1.4	112.0	113.4

(a) The undistributed profits of subsidiary and associated undertakings based overseas may be liable to taxation if distributed as dividends.

(b) The Company's reserves include £44.6m which is not distributable.

(c) Exchange adjustments include exchange losses of £16.2m on foreign currency borrowings taken out to hedge foreign equity investments.

(d) Goodwill eliminated during the year comprised subsidiary undertakings (£33.4m) and associated undertakings (£16.7m). The cumulative amount of goodwill eliminated in 1992 and earlier financial years, net of goodwill relating to subsidiary undertakings disposed of, amounts to £519.0m (1991: £472.3m). In connection with acquisitions made in 1992 and earlier years, further consideration based on future income, the amount of which cannot yet be quantified, may become payable in the future.

Note 21 SHARE OPTION SCHEMES

The options outstanding at 31 December 1992 were:

Willis Corroon Group	Number of Shares	Option prices of, or between	Exercisable
Executive Option Scheme (1984)	9,459,768	194-473p	Until September 2002
International Executive Option Scheme	1,775,870	194-296p	Until September 2002
Savings-Related Share Option Scheme (1981)	5,394,175	116-403p	Until March 2000
Stewart Wrightson 1982 Share Option Scheme (amended in 1984)	58,750	135.67-298p	Until September 1996
Stewart Wrightson 1984 Savings Related Share Option Scheme	30,153	196.33-260.67p	Until April 1994

Willis Corroon Corporation	Number of American Depositary Shares*	Option prices of, or between	Exercisable
1986 Long Term Incentive Plan	801,442	\$18.0705-\$23.2772	Until January 2000
Herget Scheme	4,150	nominal value	June 1999

*Each American Depositary Share represents five ordinary shares.

Note 22 PENSIONS

The Group operates two principal pension schemes, one in the UK and the other in the USA. Both schemes are of the defined benefit type and are funded externally. The pension cost of both schemes is assessed in accordance with the advice of professionally qualified actuaries, who are Group employees, using the projected unit credit method.

The most recent valuation of the UK scheme was at 31 December 1990 and of the US scheme at 1 January 1992. The major assumptions were that the rate of return on investments would be 9% per annum, that salary inflation would be 7% in the UK and 5% in the US and UK pensions would increase by 4½% per annum. The market value of the investments at the date of the latest actuarial valuation was £333m and the actuarial value of the investments was sufficient to cover approximately 111% of the benefits that had accrued to members after allowing for expected future salary increases.

The Group also operates a contributory medical plan in the US which provides eligible employees with post-retirement medical benefits. The estimated liability for future benefits at 31 December 1992 amounted to £2.1m.

Note 23 ACQUISITIONS

All acquisitions made in 1992 were accounted for by the acquisition method of accounting. The fair value of the total consideration amounted to £47.4m and the book value and fair value of net liabilities acquired was £2.7m. Goodwill arising of £50.1m has been eliminated against reserves. Of the total consideration, £16.7m was satisfied by the issue of shares and £30.7m by cash. The cash equivalents acquired amounted to £2.4m. The principal acquisitions were Reinsurance Alternatives Inc. and Richards, Melling Inc.

Note 24 COMMITMENTS

The Group had contracted for capital expenditure at 31 December 1992 of £21.1m (1991: £5.5m) and authorised further expenditure of £0.5m (1991: £24.2m).

	Land and buildings		Other	
Operating lease commitments	1992 £m	1991 £m	1992 £m	1991 £m
Payments committed to be made within one year by the Group for leases expiring				
in less than one year	2.8	1.6	2.9	0.3
between one and five years	14.0	10.7	1.3	0.5
after five years	12.6	13.8	0.1	–
	29.4	26.1	4.3	0.8
Payments committed to be made by the Group after one year				
between one and two years	29.7	24.3	3.6	0.4
between two and three years	26.1	21.0	2.8	0.5
between three and four years	24.0	19.6	1.2	0.3
between four and five years	20.4	17.8	0.3	0.2
thereafter	104.9	87.1	0.1	1.0
	234.5	195.9	12.3	3.2

The Company and certain of its subsidiaries have call options over shares not already owned in a number of subsidiary and associated undertakings which are exercisable at various dates in the future at prices related to the then current and historic profits before tax at the date of exercise. There also exist put options which are exercisable at various dates in the future on a similar basis. The exact liability depends on the future level of profitability of the undertakings concerned and exchange rates at the date of exercise. Based on current projections of profitability and exchange rates the liabilities which are authorised but not yet committed are not expected to exceed £24.5m.

Note 25 NOTES TO GROUP CASH FLOW STATEMENT

(i) Analysis of changes in cash and cash equivalents during the year

	1992 £m	1991 £m
1 January	316.4	304.9
Net cash flow before adjustment for the effect of foreign exchange rate changes	234.5	2.4
Effect of foreign exchange rate changes	27.6	9.1
31 December	578.5	316.4

(ii) Analysis of changes in cash and cash equivalents as shown in the balance sheet

	1992 £m	1991 £m	Change in year £m
Deposits and cash	622.3	557.5	64.8
Current asset investments	308.0	203.6	104.4
Bank loans and overdrafts	(43.8)	(55.6)	11.8
	886.5	705.5	181.0
Deduct highly liquid investments with maturities greater than 3 months at date of purchase	(308.0)	(389.1)	81.1
	578.5	316.4	262.1

(iii) Analysis of changes in financing during the year

	1992 £m	1991 £m
Share capital (including premium)		
1 January	64.0	55.7
Cash inflows from financing	1.2	4.2
Shares issued for non-cash consideration	0.8	4.1
31 December	66.0	64.0
Loans and finance lease obligations		
1 January	90.6	82.3
Cash inflows from financing	19.0	8.3
Effect of foreign exchange rate changes	24.3	–
31 December	133.9	90.6

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Note 26 CONTINGENT LIABILITIES

Assets subject to floating charge

Those subsidiaries which are Lloyd's brokers have each entered into a deed as required by the Lloyd's brokers bye-law under which all insurance broking account assets are subject to a floating charge held on trust by the Society of Lloyd's for the benefit of these companies' insurance broking creditors. The charge only becomes enforceable under certain circumstances as defined in the deed. The assets subject to this charge at 31 December 1992 amounted to £981m (1991: £787m) and the insurance broking creditors at that date amounted to £968m (1991: £772m).

Other

The Group has given guarantees to bankers and other third parties amounting to £4.8m (1991: £0.7m).

The Company has given guarantees to banks in respect of commitments entered into by them to provide security for membership of Lloyd's of certain Group employees who are not directors of the Company amounting to £1.7m (1991: £1.8m). The Company has also given the Committee of Lloyd's undertakings in respect of the business activities of Willis Faber & Dumas (Agencies) Limited. No liability arose during the year in respect of these undertakings.

A number of insurance companies with which insurance business has been placed have had provisional liquidators appointed and have proposed or are considering schemes of arrangement. These companies include the insurance company subsidiaries of London United Investments plc. Policyholders may be unable, in due course, to collect the whole or part of any claims which they may make under their policies. It is possible that such unsatisfied policyholders may make claims against their insurance brokers to cover any shortfalls. Certain clients of some of the Company's insurance broking subsidiaries have reserved their position in respect of these matters. It is not possible to form any view as to whether material claims may be made against Group companies, or the outcome if any such claims are made. Accordingly, no provision has been made in the Group accounts at 31 December 1992 in respect of these matters.

Current and former Lloyd's members' agency subsidiaries of the Company are actual or prospective defendants with others to claims made by underwriting members of Lloyd's arising from underwriting losses which those members have incurred. The subsidiaries' defences to any such claims are being or will be conducted within the terms of relevant professional indemnity policies. It is too early to assess the eventual size of the losses or the eventual outcome of the claims. In view of the nature of the actual or prospective claims and the insurance coverage the Company believes that none of those proceedings will have a material adverse effect on the Group's financial position and, accordingly, no material provision has been made in the Group accounts at 31 December 1992 in respect of these matters.

The Group has extensive international operations and the Company or its subsidiaries are defendants in a number of legal proceedings incidental to those operations. Most of the claims are covered by professional indemnity insurance and many of the defences of these claims are being conducted by the Group's insurers. In respect of any self-insured excesses applicable to such claims, the Group has established provisions which it believes to be adequate in the light of current information and legal advice. These provisions may be adjusted from time to time according to developments. The Company does not expect the outcome of such proceedings, either individually or in the aggregate, to have a material effect upon the Group's operations or financial position.

Note 27 DIRECTORS' EMOLUMENTS

Directors' remuneration is made up of base salary, annual bonus, incentives under the Long Term Incentive Plan, restricted shares under the Employee Share Ownership Plan, share options, pension and other benefits in kind (principally health care insurance and the provision of a motor vehicle).

The remuneration of each director is reviewed annually by the Board Compensation Committee which meets at least twice a year and comprises four non-executive directors under the chairmanship of J M Rodgers. The Group executive chairman, chief executive and the Group personnel director attend the meetings by invitation in an advisory capacity.

It is the policy to ensure that the executive board's remuneration is sufficient to attract and retain those required to develop the Group. The annual position of each executive director is reviewed after taking into account personal performance, group profits and competitive pressures.

The figures in the emolument ranges below include the value of the elements of remuneration (benefits in kind are at taxable values) apart from share options, the Long Term Incentive Plan and the Group's contributions to pension schemes. Executive share options are not granted at a discount to the market value of the Company shares and as the benefit to a director will only arise when the option is exercised it is difficult to give an accurate assessment of such benefit in year of the grant (see note 28 for details on options granted to directors).

The Long Term Incentive Plan introduced in 1991 for senior executives of the Group, including executive board members, is a three year rolling performance related plan the benefit of which is divided equally between share options and performance units. The share options are exercisable in accordance with the rules of the Group's executive option schemes and the performance units are payable in cash provided that the average growth of the Company's earnings per share exceeds 10% over the three year period. Provision for payments in respect of the performance units will be made annually and at 31 December 1992 no provision has been made.

	1992 £'000	1991 £'000
Fees	212	232
Managerial remuneration (including pension contributions)	2,659	2,546
Ex-gratia payments to former directors	–	30
	2,871	2,8[illegible]

Note 27 Directors' Emoluments (continued)

Chairman and highest paid director	1992 £'000	1991 £'000
Chairman	331	361
Highest paid director	441	405

Emoluments of directors including Chairman and highest paid director (excluding pension contributions)

£	1992 Number	1991 Number	£	1992 Number	1991 Number
20,001- 25,000	2	2	235,001-240,000	–	1
25,001- 30,000	2	1	245,001-250,000	2	–
30,001- 35,000	1	1	255,001-260,000	–	1
40,001- 45,000	–	1	260,001-265,000	–	1
85,001- 90,000	1	1	290,001-295,000	–	1
115,001-120,000	1	–	330,001-335,000	1	–
155,001-160,000	1	–	360,001-365,000	–	1
210,001-215,000	2	–	365,001-370,000	1	–
220,001-225,000	–	1	400,001-405,000	–	1
225,001-230,000	–	1	440,001-445,000	1	–

The US directors' emoluments or fees, which are included in the above ranges, are payable in US dollars and are translated into sterling at the average rate of exchange for the year. For 1992 and 1991 the rate was £ = $1.77.

Note 28 DIRECTORS' AND OFFICERS' INTERESTS

The directors who held office on 31 December 1992 had the following interests in the ordinary shares of 12.5p each of the Company.

	Ordinary shares of 12.5p each		Options over ordinary shares of 12.5p each			
	31/12/92	1/1/92 or date of appointment	1/1/92 or date of appointment	Granted during 1992	Exercised during 1992	31/12/92
R J Elliott	96,919	96,807	92,068	31,007(b) 2,391(c)	–	125,466(d)
R M Miller	1,487,185(a)	1,561,965	559,955	35,294(b)	–	35,294(b) 559,955(e)
R F Corroon	534,455(a)	585,105	141,880	–	–	141,880(e)
A [illegible] ory	25,584	32,148	138,046	–	–	138,046(d)
A F Gregory	1,725	1,725	–	–	–	–
R B Keville	48,351	48,239	91,760	21,317(b)	–	113,077(d)
D R King	287,765(a)	286,500	247,260	–	–	247,260(e)
D H Payne (appointed 1 July 1992)	80,639	30,527	232,278	4,635(c)	–	236,913(d)
M R Rendle	2,066	2,066	–	–	–	–
J V H Robins	39,917 1,516(f)	39,432 1,500(f)	102,875	19,379(b) 2,670(c)	–	121,527(d)
J M Rodgers	15,000(a)	–	–	–	–	–
A Sykes	40,000	82,069	–	–	–	–
A I Vorys	7,800(a)	7,800	–	–	–	–
J B Wallace	409,425(a)	406,280	260,050	22,969(b)	–	22,969(b) 260,050(e)

The Company, during 1990, established an Employee Share Ownership Plan ("ESOP"). This takes the form of a discretionary trust, the Trustees of which may only acquire the Company's shares by market purchases. The shares are held by the Trustees, subject to the terms of the ESOP, for beneficiaries which include, inter alia, employees of the Company or any of its subsidiaries (as defined by Section 736 of the Companies Act 1985 (as amended)). Therefore, the Company's executive directors, being members of a class of potential beneficiaries of the ESOP, are to that extent interested in all the Company's shares acquired by the Trustees and not allocated. At 31 December 1992 the Trustees held 517,089 unallocated shares.

Notes:

(a) Shares held in the form of American Depositary Shares ("ADSs") as evidenced by American Depositary Receipts. One ADS represents five ordinary shares.

(b) The options were granted on 22 April 1992 at 258p per share under the rules of either the Executive Option Scheme (1984) or the International Executive Option Scheme in accordance with the terms of the Long Term Incentive Plan. The options are exercisable between April 1995 and April 2002.

(c) The options were granted on 23 September 1992 at 116p per share under the rules of the Savings-Related Share Option Scheme (1981) and are exercisable either within six months of the fifth or seventh anniversary of grant.

(d) The options were granted under the rules of either the Executive Option Scheme (1984) or the Savings-Related Share Option Scheme (1981) at prices of, or between 116p and 473p per share. The options are exercisable at varying times until April 2002.

(e) Shares held under option in the form of ADSs in accordance with Willis Corroon Corporation's employee share plans. The options are exercisable at varying times until January 2000 at prices of, or between $18.0705 and $22.5160 per ADS.

(f) Non-beneficial interests.

Between 1 January and 9 March 1993 the beneficial interests of R M Miller, J V H Robins and J B Wallace increased by 6,730 shares, 254 shares and 3,825 shares respectively. J V H Robins' non-beneficial interests during that period increased by 14 shares. Also, the unallocated shares held by the ESOP Trustee have decreased by 60,000.

Except for the granting of options or the allocation of shares or ADSs under the Company's Employee Share plans or the purchase of ADSs under the Willis Corroon Corporation 401 (k) retirement plan there are no arrangements to enable directors to acquire benefits by means of the acquisition of ordinary shares or ADSs in the Company or its subsidiaries.
No director holds shares in any subsidiary undertaking other than as a nominee for the Company.

Directors' interests in contracts

(a) The undermentioned directors who held office during the year and, where applicable, persons connected with them (as defined in Section 346 of the Companies Act 1985 (as amended)) were Underwriting Members of Lloyd's through the agency of Willis Faber & Dumas (Agencies) Limited ("WFDA"), a wholly owned subsidiary of the Company:

R J Elliott
R B Keville
Mrs C A Keville
D H Payne
Mrs E H Rendle
J V H Robins

The agreements between the above and WFDA are on similar terms to the agreements which govern all other members of the syndicates in which they participate. WFDA receives a fee in respect of each of the above relating to his or her membership of Lloyd's. No fees exceeding £5,000 were payable to WFDA during 1992 (1991: R J Elliott – £5,311).

(b) R F Corroon is also an Underwriting Member of Lloyd's.

(c) Insurance broking subsidiaries of the Company place risks with the syndicates in which their directors or connected persons (as defined in (a) above) participate in the normal course of their broking activities on the same basis as such subsidiaries do with other Lloyd's syndicates.

(d) Save as disclosed above, no director or connected person (as defined in (a) above) had any interest either during or at the end of the financial year in any contract which was significant in relation to the Company's business, or in a contract, transaction or arrangement which required disclosure under Section 232 of the Companies Act 1985 (as amended).

Officers' interests

Loans to an officer of the Company subsisted during the year. The total amount outstanding at 31 December 1992 was £788. Also, the Company has guaranteed an amount of £30,000 in respect of a letter of credit issued to provide the required security for the membership of Lloyd's of an officer.

The principal subsidiary and associated undertakings were:

Subsidiary undertakings

Company	Country of Incorporation	Classes of shares held and % owned if not wholly owned
Insurance broking		
†Global Special Risks Holdings Inc *(formerly Global Special Risks Inc)*	USA	"A" shares (81%)
†Public Entities National Company group of companies *(note (d))*	USA	Common
†Professional Liability Underwriters Managers, Inc	USA	Common
*†Willis Corroon Corporation *(note (e))*	USA	Common
Willis Corroon Limited		Ordinary
Willis Faber & Dumas Limited		Ordinary
Consultancy		
†W F Corroon Corporation group of companies *(note (f))*	USA	Common
W F Corroon Limited		Ordinary
Willis Corroon Risk Management Limited		Ordinary
Insurance companies		
†Associated International Insurance Company	USA	Common
Calvert Insurance Company	USA	Common
†Consumer Benefit Life Insurance Company	USA	Common
Lloyd's members agency		
Willis Faber & Dumas (Agencies) Limited		"A" & "B" Ordinary
Investment holding		
*Willis Faber Limited		Ordinary
Willis Faber Europe BV	Netherlands	Ordinary

24-05-93

To the members of Willis Corroon Group plc

We have audited the accounts on pages 13 to 42 in accordance with Auditing Standards. In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 December 1992 and of the profit and cashflow of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants
Registered Auditor
London, 17 March 1993

24-05-93

Additional Information for US Investors

The Group's accounts are prepared in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP") which differ in certain respects from those generally accepted in the United States of America ("US GAAP"). Those differences which have a significant effect on the Group are described below.

Goodwill

Goodwill (which includes expirations) arising on consolidation is eliminated directly against retained profits and other reserves. Under US GAAP, goodwill and expirations are capitalised and amortised over their respective useful economic lives. For the purposes of the reconciliation below, periods of 17½ to 40 years have been used.

Revaluation of freehold land and buildings

Certain of the Group's freehold land and buildings are included in the accounts at revalued amounts on which depreciation is calculated. Under US GAAP, such assets must be recorded at their historical cost less depreciation. The depreciation charged on the revaluation increase is not significant.

Pension costs

For the purposes of the reconciliation below, the Group has adopted the provisions of US Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions", in respect of the Group's principal UK pension plan. This standard requires that the projected benefit obligation be matched against the market value of the underlying plan assets and other unrecognised actuarial gains and losses in determining the pension expense for the year. As a result, pension expense can be significantly different from that computed under UK GAAP which requires the cost of providing pension benefits to be expensed over the periods benefitting from the employee's service on the basis of a constant percentage of current and estimated future earnings.

Forward exchange contracts and other financial instruments

The Group enters into forward exchange contracts and other financial instruments which, under UK GAAP, are treated as hedges of future income. Under US GAAP, such instruments would not be regarded as hedges and, accordingly, would be revalued at each balance sheet date and the gain or loss arising would be dealt with in income for the period then ended.

The effect on shareholders' funds of applying the significant differences between UK GAAP and US GAAP described above is summarised as follows:

	31 December			
	1992 £m	1991 £m	1992 $m	1991 $m
Shareholders' funds as reported in the Group balance sheet	162.7	204.6	245.7	382.6
Estimated adjustments				
Goodwill				
Willis Corroon Corporation	363.1	305.3	548.3	570.9
Other	137.6	99.4	207.8	185.9
Revaluation of freehold land and buildings	(43.2)	(43.2)	(65.2)	(80.8)
Pension costs	26.6	21.1	40.2	39.5
Forward exchange contracts and other financial instruments	(7.3)	3.9	(11.0)	7.3
Estimated shareholders' equity as adjusted to accord with US GAAP	639.5	591.1	965.8	1,105.4

Translated at year end rate of £1 = $1.51 £1 = $1.87

The effect on profit for the financial year of applying the significant differences between UK GAAP and US GAAP described above is summarised as follows:

	Year ended 31 December			
	1992 £m	1991 £m	1992 $m	1991 $m
Profit for the financial year after taxation as reported in the Group profit and loss account	26.5	54.1	40.0	101.1
Estimated adjustments				
Amortisation of goodwill and expirations				
Willis Corroon Corporation	(12.8)	(12.8)	(19.3)	(23.9)
Other	(4.3)	(2.8)	(6.5)	(5.2)
Revaluation of forward exchange contracts and other financial instruments	(11.2)	(1.3)	(16.9)	(2.4)
Pension costs	5.5	8.6	8.3	16.0
Estimated net income as adjusted to accord with US GAAP	3.7	45.8	5.6	85.6
Comprising				
Income from continuing operations	21.7	57.3	32.8	107.1
Loss from discontinued operations	(18.0)	(41.5)	(27.2)	(77.6)
Gain on sale of discontinued operations	-	30.0	-	56.1
Estimated net income	3.7	45.8	5.6	85.6
	1992 pence	1991 pence	1992 $	1991 $
Per Ordinary Share as so adjusted				
Continuing operations	5.2	14.2	0.08	0.27
Discontinued operations	(4.3)	(2.9)	(0.07)	(0.05)
Net income	0.9	11.3	0.01	0.22
Per American Depositary Share* as so adjusted				
Continuing operations	26.0	71.0	0.40	1.35
Discontinued operations	(21.5)	(14.5)	(0.35)	(0.25)
Net income	4.5	56.5	0.05	1.10
Translated at year end rate of			£1 = $1.51	£1 = $1.87

*each American Depositary Share represents five ordinary shares.

	1988 £m	1989 £m	1990 £m	1991 £m	1992 £m
Operating revenue					
Broking	252.4	272.7	371.2	592.9	610.5
Underwriting	28.1	38.8	42.7	51.8	50.6
Continuing operations	280.5	311.5	413.9	644.7	661.1
Discontinued operations	33.6	38.0	37.3	42.2	22.7
Total operating revenue	314.1	349.5	451.2	686.9	683.8
Operating profit					
Broking	46.2	51.5	82.0	84.2	54.6
Underwriting	7.1	7.2	9.6	16.4	13.9
Continuing operations	53.3	58.7	91.6	100.6	68.5
Discontinued operations	(1.9)	(0.4)	(8.6)	(33.5)	(25.2)
Total operating profit	51.4	58.3	83.0	67.1	43.3
Profit before tax					
Continuing operations	53.5	52.7	90.5	103.2	68.2
Discontinued operations	(8.0)	62.5	(8.8)	(62.1)	(25.7)
Total profit before tax	45.5	115.2	81.7	41.1	42.5
Earnings per share on total operations	11.1p	27.1p	18.9p	13.3p	6.4p
Earnings per share on continuing operations	13.3p	12.2p	21.0p	16.9p	10.7p
Dividends per share	11.5p	12.0p	13.2p	13.2p	13.2p
Shareholders' funds	155.1	200.0	210.8	204.6	162.7

Shareholder Information

Listing of shares

The Company's ordinary shares are traded on the London Stock Exchange and in the USA on the New York and Pacific Stock Exchanges in the form of American Depositary Shares ("ADSs") and are held in the form of American Depositary Receipts ("ADRs").

Each ADS represents five ordinary shares of the Company.

Announcement of dividends

Dividends

The proposed key dates for dividends to be announced in respect of the year ending 31 December 1993 and for the Company's scrip dividend scheme are:

Announcement date	10 March	19 May	19 August	17 November
Average prices *(note (a))*	15-19 March	24-28 May	6-10 September	29 November-3 December
Record date	15 March	11 June	16 September	9 December
Return date *(note (b))*	26 March	16 June	23 September	20 December
Expected payment date				
Ordinary shares	1 April	1 July	1 October	4 January 1994
ADSs *(note (c))*	8 April	8 July	8 October	11 January 1994

Notes:

(a) The price per share used to calculate entitlement to new shares in respect of a scrip dividend alternative is the average price of the Company's shares based on the middle market quotations over these periods as derived from the Daily Official List of the London Stock Exchange.

(b) This is the date by which either applications to join the scrip dividend scheme or forms of variation to vary or cancel participation for subsequent dividend payments need to be received by the Company's UK Registrars.

(c) Holders of the Company's ADRs receive the dividend after it has been converted into US dollars by Morgan Guaranty Trust Company of New York in its capacity as Depositary of the ADSs. The current double taxation convention between the United Kingdom and the United States includes provisions which entitle qualifying US resident ADR holders to a refund of the UK tax credit attaching to the dividend, less a 15% withholding tax charged on the sum of the dividend and the tax credit. Subject to certain limitations, the withholding tax may be treated as foreign income tax that is eligible for credit against the ADR holder's federal income tax.

Announcement of results

Unaudited trading results of the Company for the financial year to 31 December 1993 are expected to be announced quarterly as follows:

First quarter – 19 May 1993
Half year – 19 August 1993
Third quarter – 17 November 1993
Full year – March 1994

Quarterly reports will be issued shortly after the announcement dates and the 1993 annual report is expected to be issued in late March.

24-05-93

Shareholders' reports

All ordinary shareholders of record will receive a copy of the Company's annual and quarterly reports.

ADR holders will receive the annual and quarterly reports issued to shareholders. If they are a holder of record the annual and quarterly reports will be sent to them at the record address by Morgan Guaranty. If the ADRs are held in a "street name" at a bank or a brokerage firm, that institution is responsible for forwarding the reports to such holders.

As a non-US registrant, the Company will file with the US Securities and Exchange Commission an annual report on Form 20-F (which corresponds to a Form 10-K for a US corporation) and certain other required information.

If any shareholder would like an additional copy of the annual or quarterly reports or a copy of the Form 20-F, which can also be obtained from the Depositary, please contact either of the following:

Joseph V Ambrose Jr
Joint Secretary
Willis Corroon Group plc
Willis Corroon Plaza
26 Century Boulevard, Nashville, Tennessee 37214
Telephone: (615) 872 3000

Michael P Chitty
Joint Secretary
Willis Corroon Group plc
Ten Trinity Square
London EC3P 3AX
Telephone: (071) 488 8111

Scrip dividend scheme and Dividend reinvestment plan

The Company has a scrip dividend scheme which enables shareholders to elect to receive their dividends in the form of fully paid ordinary shares instead of cash or a combination of shares and cash. Details of this scheme may be obtained from the UK Registrar.

Holders of the Company's ADRs can participate in the Company's dividend reinvestment plan, details of which may be obtained from the Depositary.

Personal Equity Plans (PEPs)

In 1992, the Company introduced a General PEP and a Single Company PEP. Details of the PEPs may be obtained from the UK Registrar. Queries on the PEPs should be addressed to the Plan Manager:–

Bradford & Bingley (PEPs) Limited
PO Box 50
Main Street
Bingley
West Yorkshire BD16 2LW
Telephone Helpline: (0274) 555677

Shareholder meetings

The 1993 Annual General Meeting of the Company will be held at the registered office of the Company on 19 May.

On request, Morgan Guaranty Trust Company of New York will appoint ADR holders as its proxy; this enables holders to attend the meeting and, on a poll, to vote the underlying ordinary shares.

ADR Depositary

Morgan Guaranty Trust Company of New York
ADR Department, 36th Floor
60 Wall Street
New York, NY 10260-0060
Specific enquiries telephone: (212) 648 3204

Registrars/Transfer Agent

UK Registrar
Independent Registrars Group Limited
Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ
Telephone: (081) 478 8241

ADR Transfer Agent
Morgan ADR Service Center
c/o Boston Financial Data Services
2 Heritage Drive
North Quincy
Massachusetts 02171
Telephone: (617) 774 4237

UK Capital Gains Tax

When a shareholder disposes of shares any capital gain may need to be computed by reference to the market value of the shares on particular dates. The table below shows the market value of the ordinary shares for UK capital gains tax purposes for holders of Willis Corroon Group shares and for former holders of Stewart Wrightson shares, as adjusted. The rules for identifying the particular shares sold and the indexation arrangements are, however, extremely complex and professional advice may be required.

Willis Corroon Group	Without adjustment	Adjusted for capitalisation and share split*
31 March 1982	455p	113.75p
Stewart Wrightson	Without adjustment	Adjusted for bonus and merger*
31 March 1982	202p	67.33p

*Where a shareholder has taken shares instead of cash in respect of the dividends paid in 1988, 1989, 1990 or 1992 the market value of the ordinary shares quoted will need to be adjusted. If shares were taken in respect of all dividends the Willis Corroon Group share price would be 131.01073p and the Stewart Wrightson share price would be 91.72329p.

Notice is hereby given that the Annual General Meeting of Willis Corroon Group plc will be held at 12.00 noon on Wednesday 19 May 1993 at Ten Trinity Square, London EC3P 3AX for the following purposes:

1 To receive the directors' report and the audited accounts for the year ended 31 December 1992.

2 To re-elect the following directors:

B D Johnson
G F Nixon
D H Payne
K H Pinkston
M R Rendle
A Sykes
J M P Taylor
J B Wallace

3 To re-appoint Ernst & Young as auditors to the Company and to authorise the directors to fix their remuneration.

As to Special Business

4 To consider and, if thought fit, to pass the following resolution as a Special Resolution:
"That the authority and power to allot relevant securities conferred on the directors by Article 11 of the Company's Articles of Association be granted for the period ending on the date of the Annual General Meeting in 1994 or on 18 August 1994 whichever is the earlier, and for such period:

(a) the Section 80 Amount shall be £13,907,662 and
(b) the Section 89 Amount shall be £2,604,600."

5 To consider and, if thought fit, to pass the following resolution as a Special Resolution:
"That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985 (as amended)) of ordinary shares of 12.5p each in the capital of the Company ("ordinary shares") provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 41,000,000;
(b) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the 10 business days immediately preceding the day on which the ordinary share is purchased;
(c) the minimum price which may be paid for an ordinary share is 12.5p per share;
(d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company;
(e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract."

6 To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution: "That approval be and is hereby given for the directors to offer to ordinary shareholders the right to elect to receive an allotment of additional ordinary shares credited as fully paid in lieu of any dividend (or any part thereof) declared before the Annual General Meeting in 1994."

By order of the Board
J V Ambrose Jr
M P Chitty
Joint Secretaries
Ten Trinity Square
London EC3P 3AX
2 April 1993

Notes:

1 Only holders of ordinary shares are entitled to attend or be represented at the meeting. A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. The completion of a form of proxy will not prevent a member from attending and voting in person should he afterwards so decide. Proxy forms must be lodged either with the Company or the Company's Registrars not less than forty-eight hours before the meeting. A Form of Proxy for use by holders of ordinary shares accompanies this notice.

2 Holders of ADRs who wish either to attend in person and, on a poll, vote their underlying ordinary shares or to appoint a proxy to attend on their behalf and, on a poll, to vote their underlying ordinary shares should contact the ADR Depositary (Morgan Guaranty Trust Company of New York) who will advise the procedure.

3 There are no directors' service contracts required by the London Stock Exchange to be made available for inspection at the meeting. The register of directors' share interests is available for inspection during business hours at the registered office and will also be available for inspection for fifteen minutes prior to the meeting.

4 The explanations for the resolutions under Special Business can be found in the Directors Report on page 12.

Statement of Total Recognised Gains and Losses
for the year ended 31 December 1992

	1992 £m	1991 £m
Profit for the financial year	26.5	54.1
Currency translation differences on foreign currency net investments	11.2	(2.4)
Currency translation differences on results for year	4.9	(1.3)
Unrealised surplus on revaluation of investments	0.3	1.5
Total recognised gains and losses for the financial year	42.9	51.4

Movement in Shareholders' Funds
for the year ended 31 December 1992

	1992 £m	1991 £m
Profit for the financial year	26.5	54.1
Dividends	(54.5)	(53.5)
Other recognised gains and losses for the financial year	16.4	(2.7)
Goodwill eliminated on acquisitions	(35.7)	(14.6)
Goodwill written back on disposals	3.4	2.2
New shares issued	2.0	8.3
Net movement in shareholders' funds for the year	(41.9)	(6.2)
Shareholders' funds at 1 January	204.6	210.8
Shareholders' funds at 31 December	162.7	204.6

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NOTICE OF ILLEGIBLE DOCUMENTS

Companies House regrets that documents in this company's microfiche record have pages which are illegible.

This has been noted but unfortunately steps taken to rectify this were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.