

MEDISURE SERVICES LIMITED

Report and Financial Statements

31 December 2007

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REPORT AND FINANCIAL STATEMENTS 2007

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DIRECTOR'S REPORT

The Sole Director presents his annual report and the audited financial statements of Medisure Services Limited ("the Company") for the year ended 31 December 2007. The director's report has been prepared in accordance with the special provisions relating to small companies under Section 246(4) of the Companies Act 1985.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company's principal activity was employee benefit consultancy. On 4 October 2007 the Company signed an agreement with the Simplyhealth Group to dispose of the entirety of its ongoing business. The disposal completed in December 2007.

FUTURE DEVELOPMENTS

The Company disposed of its trade in December 2007 and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

RESULTS AND DIVIDENDS

The results of the Company for the financial year ended 31 December 2007 are set out on page 6.

The loss for the financial year is £375,000 (2006: loss of £93,000).

The sole director does not recommend the payment of a final dividend (2006: £nil).

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk for the Company are interest rate risk, currency risk, credit risk and liquidity/cash flow risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the only financial risks the directors consider relevant to this company are credit risk and liquidity risk.

DIRECTORS

The directors who served throughout the year under review, except as noted, are as follows:

A K Cameron	(Appointed 24 September 2008)
M J Goodwin	(Resigned 10 December 2007)
J W Picken	(Appointed 11 January 2007, Resigned 10 December 2007)
Marsh Limited	(Appointed 10 December 2007, Resigned 24 September 2008)

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of the Sole Director of the Company at the date when this report was approved:

- so far as the Sole Director is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and
- the Sole Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 234ZA of the Companies Act 1985.

AUDITORS

Deloitte LLP will continue as auditors of the company.

Approved by the Sole Director
and signed on his behalf



A H M Cormack,
Director of Marsh Secretarial Services Ltd
Corporate Secretary

28th May 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The sole director has chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the Company and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDISURE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDISURE SERVICES LIMITED

We have audited the financial statement of Medisure Services Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, and related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of the director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited. In December 2007 the company disposed of its trade and ceased trading. Certain historical accounting records relating to turnover (£50,000) and creditors (£50,000) were not kept by the company after the disposal of its trade and therefore could not be made available to us. We were unable to obtain sufficient appropriate audit evidence regarding turnover and creditors by using other audit procedures.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDISURE SERVICES LIMITED (continued)

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning turnover and trade creditors, in our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records have been maintained.

In our opinion the information given in the directors' report is consistent with the financial statements.

Emphasis of matter - Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

June 2009

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Turnover		343	303
Administrative expenses		(1,080)	(827)
OPERATING LOSS		<u>(737)</u>	<u>(524)</u>
Exceptional item - profit on sale of discontinued operation	3	186	-
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>(551)</u>	<u>(524)</u>
Tax credit on loss on ordinary activities	6	176	431
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(375)</u>	<u>(93)</u>

All transactions derive from discontinued operations.

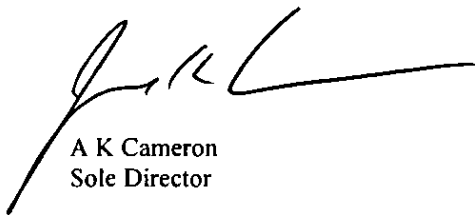
There are no recognised gains or losses nor movements in shareholders' funds in the current or preceding financial years other than those disclosed in the profit and loss account. Accordingly, no statement of total recognised gains and losses is given.

MEDISURE SERVICES LIMITED

BALANCE SHEET 31 December 2007

	Notes	2007 £000	2006 £000
FIXED ASSETS			
Investments	7	-	1
CURRENT ASSETS			
Debtors	8	515	446
		515	446
CREDITORS: amounts falling due within one year	9	(2,015)	(1,572)
NET CURRENT (LIABILITIES)		(1,500)	(1,126)
NET (LIABILITIES)		(1,500)	(1,125)
CAPITAL AND RESERVES			
Called up share capital	10	7	7
Share premium account	11	3,067	3,067
Capital redemption reserve	11	15	15
Profit and loss account	11	(4,589)	(4,214)
SHAREHOLDERS (DEFICIT)		(1,500)	(1,125)

The financial statements were approved by the Sole Director and authorised for issue on 28 May 2009



A K Cameron
Sole Director

28 May 2009

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted and applied consistently throughout the current and prior years are described below.

The Company disposed of its trade in December 2007 and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Turnover

Turnover arising from contracts for claims administration or other management services is taken to profit on a time apportionment basis over the period of the contracts.

Broking commissions, which are stated net of amounts payable to other parties, are recognised on receipt of confirmation from the insurer, with the exception of certain commissions which are credited when received.

Investments

Fixed asset investments are shown at cost less provisions for any impairment.

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 taxation

In accordance with FRS 19, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. 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 financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statement

The Company is exempt from producing a cash flow statement under FRS 1 (revised) "Cash Flow Statements" as more than 90% of the voting rights are owned by its ultimate parent undertaking. A consolidated cash flow statement can be found in the published accounts of the ultimate parent company Marsh & McLennan Companies, Inc.

2. SEGMENT INFORMATION

Turnover, loss before taxation and net assets are generated wholly within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2007

3. EXCEPTIONAL ITEM REPORTED AFTER OPERATING PROFIT

	£'000
Consideration received in cash	128
Deferred consideration receivable	77
Total sale proceeds	<u>205</u>
Less: cost of disposal	<u>(19)</u>
Profit on sale of discontinued operations	<u>186</u>

The above profit arises from the disposal of the Company's trade in December 2007.

4. DIRECTORS, EMPLOYEES AND AUDIT FEES

No remuneration was paid or is payable to the directors of Medisure Services Limited in respect of their services to the Company during the current or prior year. Directors are remunerated for their services to other companies in the Marsh & McLennan Companies, Inc. Group and the remuneration is dealt with in the accounts of those companies. The Company had no employees, other than directors, during the current year or prior year.

The audit fee attributable to this company is £13,000 (2006: £13,000). No other services were provided to this company by the Company's auditors in the current or prior year.

5. STAFF COSTS

	2007	2006
	£'000	£'000
Employee costs (including directors):		
Aggregate gross salaries & wages	<u>192</u>	<u>156</u>

All contracts of employment were, and the remuneration of employees was paid by, a fellow Group company Marsh Services Limited. The Company is recharged and bears the cost for the remuneration and other associated benefits paid on its behalf.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2007

6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2007	2006
	£'000	£'000
The taxation charge comprises:		
United Kingdom corporation tax at 30% (2006: 30%)	176	157
Adjustment in respect of prior year	-	274
Total tax credit on loss on ordinary activities	176	431

The tax assessed for the period is higher (2006: higher) than that resulting from applying the standard rate of corporation tax in the UK in 2007 of 30% (2006: 30%).

The differences are explained below:

	2007	2006
	%	%
Standard tax rate for the year as a percentage of losses:	30.0	30.0
Effects of:		
Expenses not deductible for tax purposes	(1.2)	-
Profit on sale of business	10.0	
UK to UK transfer pricing adjustment	(7.0)	(0.1)
Adjustment in respect of prior years	-	52.3
Current tax rate for the year as a percentage of losses	31.8	82.2

The UK to UK transfer pricing item relates to the need to reflect arm's length prices for tax purposes to all inter group transactions.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2007

7. FIXED ASSET INVESTMENTS

	2007	2006
	£'000	£'000
Shares in subsidiary undertakings – cost and net book value:		
As at 1 January	1	1
Written off	(1)	-
As at 31 December	<u>-</u>	<u>1</u>

The Company's subsidiary undertakings at 31 December 2007 were:

<u>Name of subsidiary company</u>	<u>Principal Activity</u>	<u>Country of incorporation</u>	<u>Class of share and percentage held and voting rights</u>
Medisure Trustees Limited	In liquidation	England & Wales	Ordinary (100%)
Medisure Affinity Services Limited	Dormant	England & Wales	Ordinary (100%)
		<u>Capital and Reserves</u>	<u>Profit for the year</u>
		£'000	£'000
Medisure Trustees Limited	In liquidation	1	-
Medisure Affinity Services Limited		-	-

8. DEBTORS

	2007	2006
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	67	31
Amounts owed by group undertakings	-	205
Amounts recoverable from group undertakings in respect of taxation	371	195
Deferred consideration receivable	77	-
Prepayments and other debtors	-	15
	<u>515</u>	<u>446</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2007

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£'000	£'000
Trade creditors	271	228
Amounts owed to group undertakings	1,728	1,344
Other Creditors	16	-
	<u>2,015</u>	<u>1,572</u>

10. CALLED UP SHARE CAPITAL

	2007	2006
	£'000	£'000
Authorised		
1,100,000 (2006: 1,100,000) ordinary shares of 1p each	11	11
50,000 (2006: 50,000) cumulative redeemable preference shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called up and fully paid		
748,000 (2006: 748,000) ordinary shares of 1p each	<u>7</u>	<u>7</u>

There are no rights attached to the cumulative redeemable preference shares.

11. RESERVES

	Capital redemption reserve £'000	Share premium account £'000	Profit & loss account £'000	Total £'000
At 1 January 2007	15	3,067	(4,214)	(1,132)
Loss for the financial year	-	-	(375)	(375)
As at 31 December 2007	<u>15</u>	<u>3,067</u>	<u>(4,589)</u>	<u>(1,507)</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2007	2006
	£'000	£'000
Loss for the financial year	<u>(375)</u>	<u>(93)</u>
Net addition to shareholders' deficit	<u>(375)</u>	<u>(93)</u>
Opening shareholders' deficit	<u>(1,125)</u>	<u>(1,032)</u>
Closing shareholders' deficit	<u>(1,500)</u>	<u>(1,125)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2007

13. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the Marsh & McLennan Companies, Inc. Group. There are no other transactions requiring disclosure.

14. GROUP ACCOUNTS

Group accounts are not prepared in line with section 228A of the Companies Act 1985 as this Company is itself a wholly owned subsidiary and is included in the consolidated financial statements of Marsh & McLennan Companies Inc., its ultimate parent company. Accordingly these accounts present information about the Company as an individual undertaking and not about its group.

15. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company's immediate parent company is The Medisure Group Limited, registered in England and Wales.

The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in Delaware, the United States of America.

The smallest and largest group in which the results of Medisure Services Limited are consolidated is that headed by Marsh & McLennan Companies, Inc. The consolidated accounts of Marsh & McLennan Companies, Inc. are available to the public and may be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

and

The Company Secretary
Marsh & McLennan Companies UK Limited
1 Tower Place West
Tower Place
London
EC3R 5BU