

MEDISURE CORPORATE SERVICES LIMITED

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2004

Company registration number 1639144



MEDISURE CORPORATE SERVICES LIMITED

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MEDISURE CORPORATE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

DIRECTORS

M B Lewis (non-executive Chairman)
P C C Gregory
M J Goodwin

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company's principal activity during the year continued to be the negotiation, design and administration of private medical schemes for larger employers.

The directors do not recommend the payment of a dividend (2003: £nil).

NON-ADJUSTING POST BALANCE SHEET EVENT

The company sold its business to its parent company, The Medisure Group Ltd, on 13 January 2005.

It is anticipated that the Company will be placed into liquidation in due course.

DIRECTORS' SHAREHOLDINGS

The company's ultimate holding company is Marsh & McLennan Companies, Inc, a company incorporated in the State of Delaware, USA. As the ultimate holding company is a body corporate incorporated outside Great Britain, the directors are exempt from the requirement to notify the company of interests in shares in other group companies outside Great Britain. There are no other interests requiring disclosure.

ELECTIVE RESOLUTIONS

In accordance with Section 379A of the Companies Act 1985 the company has elected to dispense with the laying of accounts and reports before the company in General Meetings, the holding of Annual General Meetings and the requirements to appoint auditors annually.

AUDITORS

Deloitte & Touche LLP will continue as auditors of the company.

Approved by the board of directors and signed on behalf of the board.

M J Goodwin
Director

15/9/05

MEDISURE CORPORATE SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs on the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing the 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
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 CORPORATE SERVICES LIMITED**

We have audited the financial statements of Medisure Corporate Services Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 17. 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 directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

De Witt & Pouchard

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol

19 September 2005

MEDISURE CORPORATE SERVICES LIMITED

**Profit and Loss account
For the year ended 31 December 2004**

	Notes	2004 £000	2003 £000
Turnover	2	3,259	3,416
Administrative Expenses		(1,603)	(4,614)
Operating Profit/(Loss)	3	1,656	(1,198)
Interest Receivable	6	118	104
Profit/(Loss) on ordinary activities before taxation		1,774	(1,094)
Tax on profit/(loss) on ordinary activities	4	(377)	400
Profit/(Loss) on ordinary activities after taxation	13	1,397	(694)
Retained profit/(loss) for the financial year	13	1,397	(694)

Turnover and operating profit/(loss) derive wholly from continuing operations.

The company has no recognised gains or losses other than those reflected in the above profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

The notes on pages 6 to 14 form part of these accounts.


MEDISURE CORPORATE SERVICES LIMITED

Balance Sheet at 31 December 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Tangible assets	7	-	1,957
Investments	8	1	1
		<hr/>	<hr/>
		1	1,958
		<hr/>	<hr/>
Current assets			
Debtors	9	3,517	4,721
Cash at bank and in hand		3,500	4,974
		<hr/>	<hr/>
		7,017	9,695
Creditors: amounts falling due within one year	10	(7,948)	(13,980)
		<hr/>	<hr/>
Net current liabilities		(931)	(4,285)
		<hr/>	<hr/>
Net liabilities		(930)	(2,327)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	7	7
Other reserves	12	3,082	3,082
Profit and loss account	13	(4,019)	(5,416)
		<hr/>	<hr/>
Equity shareholders' deficit	13	(930)	(2,327)
		<hr/>	<hr/>

The notes on pages 6 to 14 form part of these accounts.

The financial statements on pages 4 to 14 were approved by the Board of Directors on 15/9/05 on its behalf by:


M J Goodwin
Director

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2004

1. Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies of the company, which are applied consistently, are set out below.

The company is a wholly owned subsidiary of Marsh & McLennan Companies, Inc., its ultimate parent undertaking. The company's results are consolidated into Marsh & McLennan Companies UK Limited, therefore these financial statements present information about this company as an individual undertaking and not about its group.

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. Interest on deposits is credited as it is earned.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible assets on a straight line basis in order to write off the cost of the assets, less their estimated residual value, over their expected useful economic lives, being:

Motor cars – 5 years

Computer equipment and software – 5 years

Equipment, furniture and fittings – 5 years

Fitting out costs – period to end of current lease agreement (December 2004)

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Cash flow statement

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement as the company is a wholly owned subsidiary of Marsh & McLennan Companies UK Limited whose consolidated financial statements include this company.

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2004 (continued)

Related Party Transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 “Related Party Disclosures” not to disclose transactions between entities where 90% or more of those voting rights are controlled within the group.

Client Funds

The company follows generally accepted industry practices by showing client funds within trade debtors and trade creditors.

Taxation

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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 is not provided on timing differences arising from the revaluation of investment properties where there is no commitment to sell the asset. 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.

2. Segmental information

Turnover and profit before taxation are generated wholly within the United Kingdom from negotiation, design and administration of private medical schemes for larger employers.

3. Operating Profit/(Loss)

	2004 £000	2003 £000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation and other amounts written off tangible fixed assets	464	529
Auditors' remuneration for audit services	25	22
Operating lease rentals – other	238	238
Operating lease rentals – plant and machinery	13	14
(Profit)/Loss on disposal of tangible fixed assets	(5)	2
	<hr/>	<hr/>

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2004 (continued)

3. Operating Profit/(Loss) (continued)

Included within the management charge from Marsh Services Limited are amounts relating to employee costs as follows:

	2004 £000	2003 £000
Salaries and associated expenses (including Executive Directors):		
Wages and salaries	-	2,946
Termination Costs	-	-
Social Security costs	-	223
Pension costs	-	367

All employees of the Marsh companies within the Marsh & McLennan Companies UK Limited Group are employed by Marsh Services Limited. Information regarding employees and the Group pension scheme are within the statutory accounts of that company and also Marsh & McLennan Companies UK Limited.

4. Tax on profit/(loss) on ordinary activities

	2004 £000	2003 £000
UK Corporation Tax @ 30% (2003 - 30%)	(673)	384
Adjustments in respect of prior years corporation tax	296	(16)
	<hr/>	<hr/>
	(377)	400
	<hr/>	<hr/>

The tax assessed for the year differs from that resulting from applying the standard rate of corporate tax in the UK: 2004 30% (2003 30%).

The differences are explained below:

	2004 %	2003 %
Standard tax rate for the year as a percentage of profits	30	30
Effects of:		
Movement in Accelerated Capital Allowances	8	5
Prior Year	(17)	-
	<hr/>	<hr/>
Current tax rate for the year as a percentage of the profits	21	35
	<hr/>	<hr/>

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Notes to the financial statements – 31 December 2004 (continued)

5. Directors' Remuneration

	2004 £000	2003 £000
Emoluments	-	87
Pension costs	-	12
	<hr/>	<hr/>
	-	99
	<hr/>	<hr/>

Number of directors who are members of defined benefit pension schemes 2 (2003:2)

Accrued pension contributions and lump sum pension payments of the highest paid director during the year was £Nil (2003: £Nil)

The directors, and all employees, are employed by Marsh Services Limited and are remunerated by that company. Medisure Corporate Services Limited recharged these costs through a management charge.

All employees of the Marsh companies within the Marsh & McLennan Companies UK Limited Group are employed by Marsh Services Limited. Information regarding employees and the Group pension scheme are within the statutory accounts of that company and also Marsh & McLennan Companies UK Limited.

6. Interest received

	2004 £000	2003 £000
Bank interest receivable	118	104
	<hr/>	<hr/>

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2004 (continued)

7. Tangible assets

	Motor Cars £000	Computer Equipment & Software £000	Equipment, Furniture & Fittings £000	Fitting Out Costs £000	Total £000
Cost:					
At 1 January 2004	163	2,012	485	845	3,505
Additions in year	33	480	-	-	513
Inter Group Transfer	(100)	(2,492)	(485)	(845)	(3,922)
Disposals in year	(96)	-	-	-	(96)
At 31 December 2004	-	-	-	-	-
Depreciation:					
At 1 January 2004	50	695	328	475	1,548
Charge for year	24	265	73	102	464
Inter Group Transfer	(32)	(960)	(401)	(577)	(1,970)
Disposals in year	(42)	-	-	-	(42)
As 31 December 2004	-	-	-	-	-
Net book value:					
At 31 December 2004	-	-	-	-	-
At 31 December 2003	113	1,317	157	370	1,957

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Notes to the financial statements – 31 December 2004 (continued)

8. Investments

	2004 £000	2003 £000
Unlisted shares at cost – subsidiary undertaking		
At 1 January and 31 December	1	1

The company's subsidiary undertakings at 31 December 2004 and 31 December 2003 were:

	Country of incorporation	Class of share and percentage held
Medisure Trustees Limited	England & Wales	Ordinary (100%)
Medisure Affinity Services Limited	England & Wales	Ordinary (100%)

Medisure Corporate Services Limited holds 100% of the voting rights in Medisure Trustees Limited and 100% of the voting rights in Medisure Affinity Services Limited.

Medisure Trustees Limited is the Corporate Trustee of the closed insured Medisure pension plans. The principal activity of Medisure Affinity Services Limited is the administration of health insurance plans.

9. Debtors

	2004 £000	2003 £000
Amounts falling due within one year:		
Trade debtors	2,408	970
Amounts owed by parent undertakings	418	991
Prepayments and other debtors	300	421
Amounts recoverable from group undertakings in respect of taxation	391	2,339
	3,517	4,721

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Notes to the financial statements – 31 December 2004 (continued)

10. Creditors: amounts falling due within one year	2004 £000	2003 £000
Bank overdraft	-	3
Trade creditors	5,449	5,860
Amounts owed to group undertakings	401	6,573
Amounts owed to group undertakings re taxation	673	-
Amounts owed to parent undertaking	167	322
Other creditors	115	93
Accruals and deferred income	1,143	1,129
	<hr/> 7,948 <hr/>	<hr/> 13,980 <hr/>

11. Share Capital	2004		2003	
	Number '000	£000	Number '000	£000
Authorised Ordinary shares of 1p each	1,100	11	1,100	11
Authorised cumulative redeemable preference shares of £1 each	50	50	50	50
Issued, allotted and fully paid Ordinary shares of 1p each	748	7	748	7

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

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2004 (continued)

12. Share Capital and Other Reserves

	Share Capital £000	Share Premium £000	Capital Redemption Reserve £000	Total £000
At 1 January 2004 and at 31 December 2004	7	3,067	15	3,089

13. Combined statement of movement on reserves and reconciliation of equity shareholders' deficit

	Profit and Loss Account £000	Share Capital and other reserves (note 12) £000	Equity share holders' funds £000
At 1 January 2004	(5,416)	3,089	(2,327)
Retained profit for the financial year	1,397	-	1,397
At 31 December 2004	(4,019)	3,089	(930)
At 1 January 2003	(4,722)	3,089	(1,633)
Retained loss for the financial year	(694)	-	(694)
At 31 December 2003	(5,416)	3,089	(2,327)

14. Non-adjusting Post Balance Sheet Event

On 13 January 2005 the company transferred all of its trade and assets to its immediate parent company, The Medisure Group Limited.

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2004 (continued)

15. Contingent Liabilities

The company is subject to claims and litigation in the ordinary course of business, resulting principally from alleged errors and omissions. Provisions are made as appropriate.

16. Capital Commitments

The company leases certain items of computer hardware and its main property under operating leases. The minimum annual rentals under these leases are as follows:

	2004		2003	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	-	-	-	14
In two to five years	-	-	-	-
Over five years	-	-	238	-

17. Ultimate and Immediate Parent Company and Controlling Entity

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., which is incorporated in Delaware, the United States of America.

The largest group in which the results of Medisure Corporate Services Limited are consolidated is that headed by Marsh & McLennan Companies Inc. The smallest group in which they are consolidated is that headed by Marsh & McLennan Companies UK Limited, registered in England and Wales. The consolidated accounts of Marsh & McLennan Companies UK Limited, and 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