

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

ANNUAL FINANCIAL STATEMENTS

31 December 1999

Company Registration Number: 1639144



MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

DIRECTORS

The directors at the date of this report are:

B G Wilding	(Chairman)	(appointed 1 October 1999)
M J Goodwin		

I M Gallimore resigned as a director on 1 November 1999, G M Hart resigned as a director on 14 November 1999, J L Goring and D F Strauss resigned as directors on 24 November 1999, N A B Freitag resigned as a director on 30 November 1999, Dr J Stephens resigned as a director on 5 January 2000 and H Freitag resigned as a director on 10 May 2000. Ms S K Bleuel was appointed as a director on 5 October 1999 and ceased to be a director on 22 September 2000. A R Dean was appointed as a director on 24 November 1999 and ceased to be a director on 30 October 2000.

CHANGE OF NAME

The company changed its name from Sedgwick Noble Lowndes Healthcare Limited on 26 November 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

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

The company's business developed satisfactorily and the directors consider that the company is in a good position to continue that development.

The company acquired assets to the value of £1.4m during the year. £751k being the cost of new fixtures and fittings on the transfer of the company's business to new premises, £321k being the associated spending on new computer equipment and software, and £362k being the transfer of existing assets from the books of Marsh & McLennan Companies UK Limited.

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 any interests in shares in other group companies outside Great Britain. There are no other interest requiring disclosure.

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

DIRECTORS' REPORT(continued)
FOR THE YEAR ENDED 31 DECEMBER 1999

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 Meeting and the holding of Annual General Meetings.

AUDITORS

Deloitte & Touche will continue as auditors of the company.

APPROVED BY THE BOARD OF DIRECTORS
AND SIGNED ON BEHALF OF THE BOARD



A H M Cormack
Secretary
London

15th November 2001

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

DIRECTORS' STATEMENT OF RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and 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, subject to material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF
MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)**

We have audited the financial statements on pages 5 to 14, which have been prepared under the accounting policies as set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with acceptable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 the company's affairs at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors

26 November 2001

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

Profit and Loss Account
For the year ended 31 December 1999

	Notes	1999 £000	1998 £000
Revenue	2	3,994	5,308
Interest and investment income	6	168	(2)
		<hr/>	<hr/>
		4,162	5,306
Administration Expenses		(8,011)	(7,065)
Exceptional item	8	2,248	-
		<hr/>	<hr/>
Operating loss		(1,601)	(1,759)
Interest payable	7	-	(9)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	3	(1,601)	(1,768)
Taxation credit on loss on ordinary activities	9	514	496
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(1,087)	(1,272)
		<hr/>	<hr/>
Retained loss for the financial year	16	(1,087)	(1,272)
		<hr/>	<hr/>

Revenue and operating loss derive wholly from continuing operations.

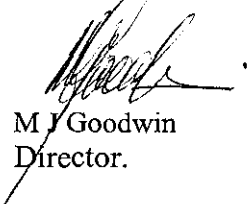
The company has no recognised gains or losses other than those reflected in the above profit and loss account.

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

Balance Sheet at 31 December 1999

	Notes	1999 £000	1998 £000
Fixed assets:			
Tangible assets	10	1,224	-
Investments:			
Subsidiary undertakings	11	1	1
		<u>1,225</u>	<u>1</u>
Current assets:			
Debtors			
Amounts falling due within one year	12	8,940	17,175
Cash at bank		4,354	-
		<u>13,294</u>	<u>17,175</u>
Creditors:			
Amounts falling due within one year	13	(13,789)	(15,345)
Net current (liabilities)/assets		<u>(495)</u>	<u>1,830</u>
Total assets less current liabilities		730	1,831
Provisions for liabilities and charges	14	-	(14)
		<u>730</u>	<u>1,817</u>
Financed by:			
Called up share capital	17	3,089	3,089
Profit and Loss Account	16	(2,359)	(1,272)
Equity shareholders' funds	16	<u>730</u>	<u>1,817</u>

The financial statements on pages 5 to 14 were approved by the Board of directors on 15th November 2001 and signed on its behalf by:


M. J. Goodwin
Director.

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

Notes to the financial statements – 31 December 1999

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies of the company have remained unchanged from the previous year and 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. Marsh & McLennan Companies UK Limited is registered in England and Wales and prepares consolidated financial statements. The company is not obliged to produce a cash flow statement. The company has also taken advantage of the exemption available under FRS8 "Related Party Disclosures" not to disclose transactions between entities, where 90% or more of those voting rights are controlled within the group.

Tangible Fixed Assets

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.

Revenue

Revenue 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.

Pensions

The company operates both defined contribution schemes and a defined benefits scheme.

Pension costs in respect of defined contribution schemes are charged against profits as contributions become payable.

Pensions costs in respect of the defined benefit scheme are charged against profits on a systematic basis over the service lives of the eligible employees based on payroll, actuarial methods and assumptions in accordance with the advice of qualified actuaries.

Investments

Fixed asset investments are stated at cost less any provision for impairment, where the reduction in value is considered to be permanent.

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

Notes to the financial statements – 31 December 1999 (continued)

Client Funds

The company follows generally accepted industry practices by showing client funds as assets and liabilities of the company itself.

Deferred taxation

Deferred taxation is provided using the liability method on timing differences to the extent that it is probable that a liability or asset will crystallise.

2. Segmental information

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

3. Loss on ordinary activities before taxation

	1999	1998
	£000	£000
Loss on ordinary activities before taxation is stated after charging:		
Salaries and associated expenses (note 4)	4,062	3,540
Auditors' remuneration		
Audit	22	-
	=====	=====

4. Employee information

	1999	1998
	£000	£000
Salaries and associated expenses (including executive directors):		
Wages and salaries	3,117	3,101
Termination costs	424	-
Social security costs	310	262
Pension costs (note 19)	211	177
	-----	-----
	4,062	3,540
	=====	=====
	Number	Number
Average number of persons employed during the year:	120	119
	=====	=====

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

Notes to the financial statements – 31 December 1999 (continued)

5. Directors' remuneration

The directors are remunerated in respect of their services to the group as a whole. It is not practicable to allocate their remuneration between the services they provide to the company and the various other group companies and therefore no information in respect of their remuneration is disclosed below. Retirement benefits are accruing to 2 directors under defined benefit pension schemes. (1998 – 7)

	1999 £000	1998 £000
Termination Costs	91	-
	<u>91</u>	<u>-</u>

Amounts received under long term incentive schemes stated above exclude amounts received in the form of shares. During 1998 and 1999 no directors received shares under such schemes.

6. Interest and investment income

	1999 £000	1998 £000
Bank interest receivable	168	-
	<u>168</u>	<u>-</u>

7. Interest payable

	1999 £000	1998 £000
Bank interest payable	-	2
Amounts due to other group undertakings	-	9
	<u>-</u>	<u>11</u>

8. Exceptional Item

During the year the company sold the assets of its business known as On Line to William Mercer for £3,000,000, which yielded a profit of £2,248,000.

9. Taxation credit on loss on ordinary activities

	1999 £000	1998 £000
United Kingdom corporation tax at 30% (31% - 1998)	514	530
Adjustment in respect of prior years	-	(34)
	<u>514</u>	<u>496</u>

MEDISURE CORPORATE SERVICES LIMITED
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Notes to the financial statements – 31 December 1999 (continued)

10. Fixed Assets

Tangible assets

	Computer Equipment £000	Computer Software £000	Equipment furniture and fittings £000	Fitting out costs £000	Total £000
Costs:					
At 1 January 1999	-	-	-	-	-
Additions in year	218	103	220	531	1,072
Transfer from Group Companies	647	-	-	-	647
Write off of fully depreciated assets	(285)	-	-	-	(285)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	580	103	220	531	1,434
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:					
At 1 January 1999	-	-	-	-	-
Transfer from Group Companies	495	-	-	-	495
Write off of fully depreciated assets	(285)	-	-	-	(285)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	210	-	-	-	210
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book Value					
At 31 December 1999	370	103	220	531	1,224
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:					
At 31 December 1998	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

11. Fixed assets:

Subsidiary undertakings

1999 1998
£000 £000

Unlisted shares at cost:

As at 31 December

1 1

At 31 December 1999 the company's subsidiary undertaking, which was dormant throughout the year, was:

	Country of Incorporation	Class of share and percentage held
	<hr/>	<hr/>
Medisure Marketing & Management Ltd	England and Wales	Ordinary (100%)

MEDISURE CORPORATE SERVICES LIMITED
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Notes to the financial statements – 31 December 1999 (continued)

12. Current assets: debtors

	1999 £000	1998 £000
Amounts falling due within one year:		
Trade Debtors	3,948	6,685
Amounts owed by other group undertakings	4,340	9,829
Other debtors	138	120
Prepayments and accrued income	-	11
Amounts recoverable from other group undertakings in respect of taxation	514	530
	<u>8,940</u>	<u>17,175</u>

13. Creditors: amounts falling due within one year

	1999 £000	1998 £000
Bank Overdraft	-	193
Trade creditors	3,910	7,239
Amounts owed to other group undertakings	7,918	6,337
Corporation tax	-	34
Other creditors	683	434
Accruals and deferred income	1,278	1,108
	<u>13,789</u>	<u>15,345</u>

14. Provisions for liabilities and charges

	At 1 January 1999 £000	Profit and Loss account £000	Utilisation £000	At 31 December 1999 £000
Other Provisions	<u>14</u>	<u>-</u>	<u>(14)</u>	<u>-</u>

MEDISURE CORPORATE SERVICES LIMITED
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Notes to the financial statement – 31 December 1999 (continued)

15. Deferred taxation

	Provided		Unprovided	
	1999	1998	1999	1998
	£000	£000	£000	£000
Deferred taxation comprises the following:				
Accelerated tax depreciation	-	-	60	209
Short term timing differences	-	-	-	-
	<u>-</u>	<u>-</u>	<u>60</u>	<u>209</u>
	=====	=====	=====	=====

16. Equity shareholders' funds

	Profit and loss account £000	Share capital and other reserves (note 17) £000	Total £000
As at 1 January 1999	(1,272)	3,089	1,817
Retained loss for the financial year	(1,087)	-	(1,087)
As at 31 December 1999	<u>(2,359)</u>	<u>3,089</u>	<u>730</u>
	=====	=====	=====
As at 1 January 1998	-	3,089	3,089
Retained loss for the financial year	(1,272)	-	(1,272)
As at 31 December 1998	<u>(1,272)</u>	<u>3,089</u>	<u>1,817</u>
	=====	=====	=====

17. Share capital and other reserves

	Share Capital (note 18) £000	Share premium £000	Capital redemption reserve £000	Total £000
At 1 January 1999 and 31 December 1999	<u>7</u>	<u>3,067</u>	<u>15</u>	<u>3,089</u>
	=====	=====	=====	=====
At 1 January 1998 and 31 December 1998	<u>7</u>	<u>3,067</u>	<u>15</u>	<u>3,089</u>
	=====	=====	=====	=====

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

Notes to the financial statements – 31 December 1999 (continued)

18. Called up share capital

	1999		1998	
	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

19. Pensions

The company operates a number of defined contribution schemes and also participates in a defined benefit scheme operated by Marsh & McLennan Companies UK Limited for the benefit of employees in the United Kingdom and which covers all eligible current and retired employees.

The assets of the defined contribution schemes are held in independently administrated funds.

The defined benefit scheme is funded in accordance with the advice of qualified actuaries, who are employees of the group, and administered by independent trustees. The particulars of the most recent actuarial valuation of the pension scheme are included in the Annual Report of Sedgwick Group plc for the year ending 31 December 1998.

20. Contingent Liabilities

Errors and Omissions

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.

MEDISURE CORPORATE SERVICES LIMITED
(formerly Sedgwick Noble Lowndes Healthcare Limited)

Notes to the financial statements – 31 December 1999 (continued)

21. Ultimate Parent Company and Controlling Entity.

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., incorporated in the United States of America. 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 are available to the public and may be obtained from:

The Registrar of Companies
Companies House
3 Crown Way
Maindy
Cardiff
CF4 3UZ

The consolidated accounts of Marsh & McLennan Companies, Inc., are also available to the public and may be obtained from:

The Company Secretary
Marsh & McLennan Companies UK Limited
Sackville House
143-149 Fenchurch Street
London
EC3M 6BN